

AMENDED IN SENATE MAY 24, 2013

AMENDED IN SENATE MAY 8, 2013

AMENDED IN SENATE APRIL 25, 2013

**SENATE BILL**

**No. 69**

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**Introduced by Senator Liu**

**(Principal coauthors: Senators Block, De León, Lara, Leno, Padilla,  
and Steinberg)**

**(Coauthors: Senators Hancock, Hill, and Monning)**

January 10, 2013

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An act to amend ~~Section~~ *Sections 47634.1, 49085, and 52052* of, to amend and renumber the heading of Article 4 (commencing with Section 2570) of Chapter 12 of Part 2 of Division 1 of Title 1 of, to amend and repeal Sections 14002.5, 42238, 42238.1, 42238.2, 42238.3, 42238.4, 42238.41, 42238.42, 42238.43, 42238.44, 42238.445, 42238.45, 42238.46, 42238.48, 42238.485, 42238.49, 42238.5, 42238.51, 42238.52, 42238.53, 42238.6, 42238.7, 42238.75, 42238.8, 42238.9, 42238.95, 42238.11, 42238.12, 42238.13, 42238.14, 42238.145, 42238.146, 42238.17, 42238.18, 42239, 42240.1, 42241.3, 42241.7, 42243.7, 47630.5, and 47633 of, to amend, repeal, and add Sections 1622, 14002, 14002.1, 14003, 14501, 33127, 41020, 41202, 42127, 46201.2, 47604.33, 47610, 47631, and 47632 of, to add Sections 2558.7, 2569, 42238.01, 42238.02, 42238.03, 42238.04, 42238.05, 42238.051, 42238.052, 42238.053, ~~and~~ 42238.06, *and 60902* to, to add Article 3 (commencing with Section 2574) to Chapter 12 of Part 2 of Division 1 of Title 1 *of*, to add Article 5 (commencing with Section 52060) to Chapter 6.1 of Part 28 of Division 4 of Title 2 of, ~~and~~ to repeal Article 3 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1 of, and to repeal Article 3.5 (commencing with Section

2560) of Chapter 12 of Part 2 of Division 1 of Title 1 of, the Education Code, relating to school finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 69, as amended, Liu. School finance: new pupil funding formula.

(1) Existing law establishes the public school system in this state, and, among other things, provides for the establishment of county superintendents of schools, school districts, and charter schools throughout the state and for their provision of instruction at the public elementary and secondary schools these local educational agencies maintain. Existing law establishes a public school financing system that requires funding for county superintendents of schools and school districts to be calculated pursuant to a revenue limit, as specified, and requires funding for charter schools to be calculated pursuant to a general-purpose entitlement, except as provided, and requires the revenue limit and general-purpose entitlement to be composed of, among other things, state aid and certain local revenues.

This bill, commencing in the 2014–15 fiscal year, would revise and recast the provisions related to the public school financing system by requiring state funding for county superintendents of schools, school districts, and charter schools that previously received a general-purpose entitlement, to be calculated pursuant to a local control funding formula, as specified.

(2) Existing law requires a county board of education, a governing board of a school district, and a governing body of a charter school to annually adopt a budget, as specified.

This bill would require a county board of education, a governing board of a school district, and a governing body of a charter school that receives its funding directly, as specified, to annually adopt or revise a local control and accountability plan that aligns with the annual budget and contains certain elements and that, among other things, was developed in consultation with teachers, principals, administrators, other school personnel, parents, and pupils. By requiring county boards of education and school districts to annually adopt or revise a local control and accountability plan, the bill would impose a state-mandated local program.

(3) *Existing law requires the State Department of Education to ensure that the California School Information Services system meets the needs*

*of pupils in foster care and includes disaggregated data on pupils in foster care.*

*This bill would instead require the department to enter into a memorandum of understanding with the State Department of Social Services for purposes of sharing specified information related to pupils under supervision of the juvenile court. The bill would also require the Superintendent of Public Instruction to submit a report related to pupils under supervision of the juvenile court, as specified, to the Legislature and the Governor by February 15 of each even-numbered year.*

*(4) This bill would, on or before March 1, 2014, require the Legislative Analyst's Office to submit recommendations to the fiscal committees of both houses of the Legislature regarding revisions to the methods of funding pupil transportation, as specified.*

~~(3)~~

*(5) This bill would make conforming changes, correct cross-references, and make other nonsubstantive changes.*

~~(4)~~

*(6) This bill would become operative only if specified legislation is enacted in the 2013–14 Regular Session.*

~~(5)~~

*(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.*

*Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.*

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) The local control funding formula proposal, as specified in  
4 ~~AB~~ Assembly Bill 88 of the 2013–14 Regular Session, as amended  
5 April 3, 2013, attempts to increase local flexibility, make funding  
6 more equitable and transparent, and devote greater resources to  
7 children who come to school with greater challenges.

(b) The Legislature supports the underlying goal expressed in the local control funding formula proposal of providing additional resources to support improved educational outcomes for disadvantaged pupils. However, the Legislature has concerns related to a number of its provisions, in particular the inadequate level of funding proposed for statewide pupil base grants. Additional concerns include, but are not limited to, proposed concentration grants, incomplete accountability provisions, inadequate data collection, lack of structure for high school grade span funding, perpetuation of historically inequitable funding allocations, and the timing for implementation of a new formula.

(c) The local control funding formula proposal encompasses scores of repeals of sections, articles, and chapters of the Education Code, many of which could have unintended consequences. Such repeals require more careful consideration than the compressed annual Budget Act implementation timelines allow.

(d) It is the intent of the Legislature to consider a new funding formula through a funding process that affords greater opportunity for analysis, amendment, and public input on a far reaching proposal that will have lasting impacts on California schools and the pupils they serve.

SEC. 2. Section 1622 of the Education Code is amended to read:

1622. (a) On or before July 1 of each fiscal year, the county board of education shall adopt an annual budget for the budget year and shall file that budget with the Superintendent of Public Instruction, the county board of supervisors, and the county auditor. The budget, and supporting data, shall be maintained and made available for public review. The budget shall indicate the date, time, and location at which the county board of education held the public hearing required under Section 1620.

(b) The Superintendent of Public Instruction shall examine the budget to determine whether it (1) complies with the standards and criteria adopted by the State Board of Education pursuant to Section 33127 for application to final local educational agency budgets, (2) allows the county office of education to meet its financial obligations during the fiscal year, and (3) is consistent with a financial plan that will enable the county office of education to satisfy its multiyear financial commitments. In addition, the Superintendent shall identify any technical corrections to the budget

1 that must be made. On or before August 15, the Superintendent of  
2 Public Instruction shall approve or disapprove the budget and, in  
3 the event of a disapproval, transmit to the county office of  
4 education in writing his or her recommendations regarding revision  
5 of the budget and the reasons for those recommendations. For the  
6 2011–12 fiscal year, notwithstanding any of the standards and  
7 criteria adopted by the state board pursuant to Section 33127, the  
8 Superintendent, as a condition on approval of a county office of  
9 education budget, shall not require a county office of education to  
10 project a lower level of revenue per unit of average daily attendance  
11 than it received in the 2010–11 fiscal year nor require the county  
12 superintendent to certify in writing whether or not the county office  
13 of education is able to meet its financial obligations for the two  
14 subsequent fiscal years.

15 (c) On or before September 8, the county board of education  
16 shall revise the county office of education budget to reflect changes  
17 in projected income or expenditures subsequent to July 1, and to  
18 include any response to the recommendations of the Superintendent  
19 of Public Instruction, shall adopt the revised budget, and shall file  
20 the revised budget with the Superintendent of Public Instruction,  
21 the county board of supervisors, and the county auditor. Prior to  
22 revising the budget, the county board of education shall hold a  
23 public hearing regarding the proposed revisions, which shall be  
24 made available for public inspection not less than three working  
25 days prior to the hearing. The agenda for that hearing shall be  
26 posted at least 72 hours prior to the public hearing and shall include  
27 the location where the budget will be available for public  
28 inspection. The revised budget, and supporting data, shall be  
29 maintained and made available for public review.

30 (d) The Superintendent of Public Instruction shall examine the  
31 revised budget to determine whether it complies with the standards  
32 and criteria adopted by the State Board of Education pursuant to  
33 Section 33127 for application to final local educational agency  
34 budgets and, no later than October 8, shall approve or disapprove  
35 the revised budget. If the Superintendent of Public Instruction  
36 disapproves the budget, he or she shall call for the formation of a  
37 budget review committee pursuant to Section 1623. For the  
38 2011–12 fiscal year, notwithstanding any of the standards and  
39 criteria adopted by the state board pursuant to Section 33127, the  
40 Superintendent, as a condition on approval of a county office of

1 education budget, shall not require a county office of education to  
2 project a lower level of revenue per unit of average daily attendance  
3 than it received in the 2010–11 fiscal year nor require the county  
4 superintendent to certify in writing whether or not the county office  
5 of education is able to meet its financial obligations for the two  
6 subsequent fiscal years.

7 (e) Notwithstanding any other provision of this section, the  
8 budget review for a county office of education shall be governed  
9 by paragraphs (1), (2), and (3) of this subdivision, rather than by  
10 subdivisions (c) and (d), if the county board of education so elects,  
11 and notifies the Superintendent of Public Instruction in writing of  
12 that decision, no later than October 31 of the immediately  
13 preceding calendar year.

14 (1) In the event of the disapproval of the budget of a county  
15 office of education pursuant to subdivision (b), on or before  
16 September 8, the county superintendent of schools and the county  
17 board of education shall review the recommendations of the  
18 Superintendent of Public Instruction at a regularly scheduled  
19 meeting of the county board of education and respond to those  
20 recommendations. That response shall include the proposed actions  
21 to be taken, if any, as a result of those recommendations.

22 (2) No later than October 8, after receiving the response required  
23 under paragraph (1), the Superintendent of Public Instruction shall  
24 review that response and either approve or disapprove the budget  
25 of the county office of education. If the Superintendent of Public  
26 Instruction disapproves the budget, he or she shall call for the  
27 formation of a budget review committee pursuant to Section 1623.

28 (3) Not later than 45 days after the Governor signs the annual  
29 Budget Act, the county office of education shall make available  
30 for public review any revisions in revenues and expenditures that  
31 it has made to its budget to reflect the funding made available by  
32 that Budget Act.

33 (f) This section shall become inoperative on July 1, 2014, and,  
34 as of January 1, 2015, is repealed, unless a later enacted statute,  
35 that becomes operative on or before January 1, 2015, deletes or  
36 extends the dates on which it becomes inoperative and is repealed.

37 SEC. 3. Section 1622 is added to the Education Code, to read:

38 1622. (a) On or before July 1 of each fiscal year, the county  
39 board of education shall adopt an annual budget for the budget  
40 year and, for the 2015–16 fiscal year and each fiscal year thereafter,

1 take action on a local control and accountability plan pursuant to  
2 Sections 52062 and 52064, and shall file the budget and local  
3 control and accountability plan with the Superintendent, the county  
4 board of supervisors, and the county auditor. The budget, the local  
5 control and accountability plan, and supporting data, data shall be  
6 maintained and made available for public review. The budget shall  
7 indicate the date, time, and location at which the county board of  
8 education held the public hearing required under Section 1620.  
9 For the 2015–16 fiscal year and each fiscal year thereafter, the  
10 county board of education shall not adopt a budget before it adopts  
11 a local control and accountability plan or approves an update to  
12 an existing local control and accountability plan. The county board  
13 of education shall not adopt a budget that does not align with the  
14 local control and accountability plan that applies to the subsequent  
15 fiscal year.

16 (b) (1) The Superintendent shall examine the budget to  
17 determine if it (A) complies with the standards and criteria adopted  
18 by the state board pursuant to Section 33127 for application to  
19 final local educational agency budgets, (B) allows the county office  
20 of education to meet its financial obligations during the fiscal year,  
21 and (C) is consistent with a financial plan that will enable the  
22 county office of education to satisfy its multiyear financial  
23 commitments. In addition, the Superintendent shall identify any  
24 technical corrections to the budget that must be made. On or before  
25 August 15, the Superintendent shall approve or disapprove the  
26 budget and, in the event of a disapproval, transmit to the county  
27 office of education in writing his or her recommendations regarding  
28 revision of the budget and the reasons for those recommendations.

29 (2) For the 2011–12 fiscal year, notwithstanding any of the  
30 standards and criteria adopted by the state board pursuant to Section  
31 33127, the Superintendent, as a condition on approval of a county  
32 office of education budget, shall not require a county office of  
33 education to project a lower level of revenue per unit of average  
34 daily attendance than it received in the 2010–11 fiscal year nor  
35 require the county superintendent to certify in writing whether or  
36 not the county office of education is able to meet its financial  
37 obligations for the two subsequent fiscal years.

38 (3) For the 2015–16 fiscal year and each fiscal year thereafter,  
39 the Superintendent shall disapprove a budget if any of the following  
40 occur:

1 (A) The county board of education does not file a local control  
2 and accountability plan with the Superintendent pursuant to  
3 Sections 52062 and 52064.

4 (B) If the Superintendent determines that a local control and  
5 accountability plan filed does not adhere to the template adopted  
6 by the state board pursuant to Section 52066.

7 (C) If the Superintendent determines that a local control and  
8 accountability plan filed does not include all of the components  
9 identified in subdivision (a) of Section 52064.

10 (D) If the Superintendent determines that the expenditures  
11 included in the budget do not reflect the costs necessary to  
12 implement the local control and accountability plan.

13 (c) On or before September 8 of each fiscal year, the county  
14 board of education shall revise the county office of education  
15 budget to reflect changes in projected income or expenditures  
16 subsequent to July 1, and to include any response to the  
17 recommendations of the Superintendent, shall adopt the revised  
18 budget, and shall file the revised budget with the Superintendent,  
19 the county board of supervisors, and the county auditor. Before  
20 revising the budget, the county board of education shall hold a  
21 public hearing regarding the proposed revisions, which shall be  
22 made available for public inspection not less than three working  
23 days before the hearing. The agenda for that hearing shall be posted  
24 at least 72 hours before the public hearing and shall include the  
25 location where the budget will be available for public inspection.  
26 The revised ~~budget, budget and supporting data, data~~ shall be  
27 maintained and made available for public review.

28 (d) The Superintendent shall examine the revised budget to  
29 determine whether it complies with the standards and criteria  
30 adopted by the state board pursuant to Section 33127 for  
31 application to final local educational agency budgets and, no later  
32 than October 8 of each fiscal year, shall approve or disapprove the  
33 revised budget. For the 2015–16 fiscal year and each fiscal year  
34 thereafter, the Superintendent shall disapprove a revised budget if  
35 the Superintendent determines that the expenditures included in  
36 the budget do not reflect the costs necessary to implement the local  
37 control and accountability plan adopted by a county board of  
38 education pursuant to Sections 52062 and 52064. If the  
39 Superintendent disapproves the budget, he or she shall call for the  
40 formation of a budget review committee pursuant to Section 1623.



For the 2011–12 fiscal year, notwithstanding any of the standards and criteria adopted by the state board pursuant to Section 33127, the Superintendent, as a condition on approval of a county office of education budget, shall not require a county office of education to project a lower level of revenue per unit of average daily attendance than it received in the 2010–11 fiscal year nor require the county superintendent to certify in writing whether or not the county office of education is able to meet its financial obligations for the two subsequent fiscal years.

(e) Notwithstanding any other provision of this section, the budget review for a county office of education shall be governed by paragraphs (1), (2), and (3) of this subdivision, rather than by subdivisions (c) and (d), if the county board of education so elects, and notifies the Superintendent in writing of that decision, no later than October 31 of the immediately preceding calendar year.

(1) In the event of the disapproval of the budget of a county office of education pursuant to subdivision (b), on or before September 8, the county superintendent of schools and the county board of education shall review the recommendations of the Superintendent at a regularly scheduled meeting of the county board of education and respond to those recommendations. That response shall include the proposed actions to be taken, if any, as a result of those recommendations.

(2) No later than October 8, after receiving the response required under paragraph (1), the Superintendent shall review that response and either approve or disapprove the budget of the county office of education. For the 2015–16 fiscal year and each fiscal year thereafter, the Superintendent shall disapprove a budget if a county board of education does not file a local control and accountability plan with the Superintendent or if the Superintendent determines that the expenditures included in the budget adopted by the county board of education do not reflect the costs necessary to implement the local control and accountability plan. If the Superintendent disapproves the budget, he or she shall call for the formation of a budget review committee pursuant to Section 1623.

(3) Not later than 45 days after the Governor signs the annual Budget Act, the county office of education shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by that Budget Act.

(f) This section shall become operative on July 1, 2014.

SEC. 4. Section 2558.7 is added to the Education Code, to read:

2558.7. This article shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 5. Section 2569 is added to the Education Code, to read:

2569. This article shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 6. The heading of Article 4 (commencing with Section 2570) of Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code is amended and renumbered to read:

Article 2. Allocation of Property Tax Revenues

SEC. 7. Article 3 (commencing with Section 2574) is added to Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code, to read:

Article 3. County Local Control Funding Formula

2574. For the 2014–15 fiscal year and for each fiscal year thereafter, the Superintendent annually shall calculate the County Local Control Funding Formula for each county superintendent of schools as follows:

(a) Compute a county office of education operations grant equal to the sum of each of the following amounts:

(1) ~~\_\_\_\_\_~~ *Six hundred fifty-five thousand nine hundred twenty* dollars-~~(\$\_\_\_\_\_)~~ (\$655,920).

(2) ~~\_\_\_\_\_~~ *One hundred nine thousand three hundred twenty* dollars-~~(\$\_\_\_\_\_)~~ (\$109,320) multiplied by the number of school districts for which the county superintendent of schools has jurisdiction pursuant to Section 1253.

(3) (A) ~~\_\_\_\_\_~~ *Seventy* dollars-~~(\$\_\_\_\_\_)~~ (\$70) multiplied by the number of units of countywide average daily attendance, up to a

1 maximum of 30,000 units. For purposes of this section, countywide  
2 average daily attendance means the aggregate number of annual  
3 units of average daily attendance within the county attributable to  
4 all school districts for which the county superintendent of schools  
5 has jurisdiction pursuant to Section 1253, charter schools within  
6 the county, and the schools operated by the county superintendent  
7 of schools.

8 (B) ~~\_\_\_\_\_Sixty dollars~~(\$~~\_\_\_\_\_~~) (\$60) multiplied by the number  
9 of units of countywide average daily attendance for the portion of  
10 countywide average daily attendance, if any, above 30,000 units,  
11 up to a maximum of 60,000 units.

12 (C) ~~\_\_\_\_\_Fifty dollars~~(\$~~\_\_\_\_\_~~) (\$50) multiplied by the number  
13 of units of countywide average daily attendance for the portion of  
14 countywide average daily attendance, if any, above 60,000 *units*,  
15 up to a maximum of 140,000 units.

16 (D) ~~\_\_\_\_\_Forty dollars~~(\$~~\_\_\_\_\_~~) (\$40) multiplied by the number  
17 of units of countywide average daily attendance for the portion of  
18 countywide average daily attendance, if any, above 140,000 units.

19 (4) For the 2015–16 fiscal year and each fiscal year thereafter,  
20 adjust each of the amounts provided in the prior year pursuant to  
21 paragraphs (1), (2), and (3) by the percentage change in the annual  
22 average value of the Implicit Price Deflator for State and Local  
23 Government Purchases of Goods and Services for the United States,  
24 as published by the United States Department of Commerce for  
25 the 12-month period ending in the third quarter of the prior fiscal  
26 year. This percentage change shall be determined using the latest  
27 data available as of May 10 of the preceding fiscal year compared  
28 with the annual average value of the same deflator for the 12-month  
29 period ending in the third quarter of the second preceding fiscal  
30 year, using the latest data available as of May 10 of the preceding  
31 fiscal year, as reported by the Department of Finance.

32 (b) Divide the enrollment of unduplicated pupils in all schools  
33 operated by a county superintendent of schools by the total  
34 enrollment in those schools.

35 (1) For purposes of this section, an “unduplicated pupil” is a  
36 pupil who is classified as an English learner pursuant to Section  
37 52164, as that section read on January 1, 2014; eligible to receive  
38 a free or reduced-price meal pursuant to Section 49552, as that  
39 section read on January 1, 2014; or a foster child pursuant to  
40 Sections 300 and 601 of the Welfare and Institutions Code. A pupil

1 shall be counted only once for purposes of this section if any of  
2 the following apply:

3 (A) The pupil is classified as an English learner and is eligible  
4 for a free or reduced-price meal.

5 (B) The pupil is classified as an English learner and is a foster  
6 child.

7 (C) The pupil is classified as a foster child and is eligible for a  
8 free or reduced-price meal.

9 (D) The pupil is classified as an English learner, is eligible for  
10 a free or reduced-price meal, and is a foster child.

11 (2) For purposes of this subdivision, a pupil enrolled in a  
12 juvenile court school operated by a county superintendent of  
13 schools shall not be included in any enrollment counts.

14 (3) Commencing with the 2014–15 fiscal year, a county  
15 superintendent of schools annually shall report the enrollment of  
16 unduplicated pupils, pupils classified as English learners, pupils  
17 eligible for free and reduced-price meals, and foster children in  
18 schools operated by the county superintendent of schools to the  
19 Superintendent using the California Longitudinal Pupil  
20 Achievement Data System. The Superintendent shall make the  
21 calculations pursuant to this section using the California  
22 Longitudinal Pupil Achievement Data System.

23 (c) Compute an alternative education grant equal to the sum of  
24 the following:

25 (1) For the 2014–15 fiscal year, a base grant of ~~\_\_\_\_\_~~ *eleven*  
26 *thousand forty-five* dollars (\$~~\_\_\_\_\_~~)-(\$11,045). For the 2015–16  
27 fiscal year and each fiscal year thereafter, adjust the base grant  
28 provided in the prior year by the percentage change in the annual  
29 average value of the Implicit Price Deflator for State and Local  
30 Government Purchases of Goods and Services for the United States,  
31 as published by the United States Department of Commerce for  
32 the 12-month period ending in the third quarter of the prior fiscal  
33 year. This percentage change shall be determined using the latest  
34 data available as of May 10 of the preceding fiscal year compared  
35 with the annual average value of the same deflator for the 12-month  
36 period ending in the third quarter of the second preceding fiscal  
37 year, using the latest data available as of May 10 of the preceding  
38 fiscal year, as reported by the Department of Finance.

1 (2) A supplemental grant equal to 35 percent of the base grant  
2 defined in paragraph (1) multiplied by the percentage calculated  
3 in subdivision (b).

4 (3) (A) Multiply the sum of paragraphs (1) and (2) by the total  
5 number of units of average daily attendance for pupils attending  
6 schools operated by a county office of education, excluding units  
7 of average daily attendance for pupils attending a juvenile court  
8 school, who are any of the following:

9 (i) Probation referred pursuant to Sections 300, 601, 602, and  
10 654 of the Welfare and Institutions Code.

11 (ii) On probation or parole and not in attendance in a school.

12 (iii) Expelled for any of the reasons specified in subdivision (a)  
13 or (c) of Section 48915.

14 (B) Multiply the number of units of average daily attendance  
15 for pupils attending a juvenile court school by the sum of the base  
16 grant calculated in paragraph (1) and a supplemental grant equal  
17 to 35 percent of the base grant pursuant to paragraph (1).

18 (C) Add the amounts calculated in subparagraphs (A) and (B).

19 (d) Add the amount calculated in subdivision (a) to the amount  
20 calculated in subparagraph (C) of paragraph (3) of subdivision (c).

21 (e) ~~Add all of the following the amount of funding a county~~  
22 ~~superintendent of schools received for the 2013–14 fiscal year~~  
23 ~~from funds allocated pursuant to the Targeted Instructional~~  
24 ~~Improvement Block Grant program, as set forth in Article 6~~  
25 ~~(commencing with Section 41540) of Chapter 3.2 of Part 24 of~~  
26 ~~Division 3 of Title 2, as that article read on January 1, 2014, to~~  
27 ~~the amount calculated in subdivision (d): (d).~~

28 ~~(1) The amount of funding a county superintendent of schools~~  
29 ~~received for the 2013–14 fiscal year from funds allocated pursuant~~  
30 ~~to the Targeted Instructional Improvement Block Grant program,~~  
31 ~~as set forth in Article 6 (commencing with Section 41540) of~~  
32 ~~Chapter 3.2 of Part 24 of Division 3 of Title 2, as that article read~~  
33 ~~on January 1, 2014.~~

34 ~~(2) The amount of funding a county superintendent of schools~~  
35 ~~received for the 2013–14 fiscal year from funds allocated pursuant~~  
36 ~~to the Home to School Transportation program, as set forth in~~  
37 ~~Article 2 (commencing with Section 39820) of Chapter 1 of Part~~  
38 ~~23.5 of Division 3 of Title 2, and Article 10 (commencing with~~  
39 ~~Section 41850) of Chapter 5 of Part 24 of Division 3 of Title 2, as~~  
40 ~~those articles read on January 1, 2014.~~

1 2575. Commencing with the 2014–15 budget year and for each  
2 fiscal year thereafter, the Superintendent shall distribute the  
3 appropriations in Section 14002 to each county superintendent of  
4 schools according to the following formula:

5 (a) Calculate a prior year amount of funding for each county  
6 superintendent of schools equal to the sum of all of the following:

7 (1) Entitlements for revenue limits in the 2013–14 fiscal year  
8 pursuant to Article 3 (commencing with Section 2550) of Chapter  
9 12, as that article read on January 1, 2014, adjusted only for  
10 changes in average daily attendance claimed by the county  
11 superintendent of schools for pupils identified in clauses (i), (ii),  
12 and (iii) of subparagraph (A) of paragraph (3) of subdivision (c)  
13 of Section 2574 and of pupils attending juvenile court schools. All  
14 other average daily attendance claimed by the county  
15 superintendent of schools and any other average daily attendance  
16 used for purposes of calculating revenue limits pursuant to Article  
17 3 (commencing with Section 2550) of Chapter 12, as that article  
18 read on January 1, 2014, shall be considered final for purposes of  
19 this section as of the annual apportionment for the 2013–14 fiscal  
20 year, as calculated for purposes of the certification required on or  
21 before February 20, 2015, pursuant to Section 41332.

22 (2) The amount of funding received from appropriations  
23 contained in Section 2.00 of the Budget Act of 2013, as adjusted  
24 by Section 12.42, in the following items: 6110-104-0001,  
25 6110-107-0001, 6110-108-0001, ~~6110-111-0001~~, 6110-124-0001,  
26 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-158-0001,  
27 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001,  
28 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001,  
29 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-212-0001,  
30 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-234-0001,  
31 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001,  
32 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001,  
33 6110-260-0001, 6110-265-0001, 6110-266-0001, 6110-267-0001,  
34 6110-268-0001, and 6360-101-0001, and 2013–14 fiscal year  
35 funding for the Class Size Reduction Program pursuant to Chapter  
36 6.10 (commencing with Section 52120) of Part 28 of Division 4  
37 of Title 2, as it read on January 1, 2014.

38 (3) For the 2015–16 fiscal year and for each fiscal year  
39 thereafter, the amounts calculated pursuant to paragraph (3) of  
40 subdivision (b) in all prior years.

(b) Calculate an adjustment to the amount in subdivision (a) as follows:

(1) Subtract the amount in subdivision (a) from the amount computed in subdivision (e) of Section 2574. A difference of less than zero shall be deemed to be zero.

(2) Divide the difference for the county superintendent of schools calculated in paragraph (1) by the total of the differences for all county superintendents of schools calculated pursuant to paragraph (1).

(3) (A) Multiply the proportion calculated in paragraph (2) by the amount of funding appropriated for purposes of this section. The amount calculated shall not exceed the difference for the county superintendent of schools calculated in paragraph (1).

(B) Add the amount calculated in subparagraph (A) to the allocation to the county superintendent of schools as calculated pursuant to subdivision (a).

(c) Subtract from the amount calculated in subparagraph (B) of paragraph (3) of subdivision (b) the sum of each of the following:

(1) Local property tax revenues received pursuant to Section 2573 in the then current fiscal year.

(2) Any amounts that the county superintendent of schools was required to maintain as restricted and not available for expenditure in the 1978–79 fiscal year as specified in the second paragraph of subdivision (c) of Section 6 of Chapter 292 of the Statutes of 1978, as amended by Chapter 51 of the Statutes of 1979.

(3) The amount received pursuant to subparagraph (C) of paragraph (3) of subdivision (a) of Section 33607.5 of the Health and Safety Code that is considered property taxes pursuant to that section.

(4) The amount, if any, received pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code.

(5) (A) The amount, if any, received pursuant to subparagraph (B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution.

(B) The amount in subparagraph (A) shall only offset the amount included in paragraph (1) of subdivision (a).

(d) (1) The Superintendent shall apportion to the county superintendent of schools either of the following:

(A) If the calculation in paragraph (1) of subdivision (b) is positive, the amount calculated in subdivision (c).

(B) (i) If the calculation in paragraph (1) of subdivision (b) is equal to zero or is negative, the sum of the amounts in paragraphs (1) and (2) of subdivision (a), less the sum of the amounts included in paragraphs (1) to (5), inclusive, of subdivision (c).

(ii) For the first fiscal year in which the amount calculated in subdivision (e) of Section 2574 is greater than the sum of the amounts in paragraphs (1) and (2) of subdivision (a) and for each fiscal year thereafter, the Superintendent shall apportion to the county superintendent of schools the amount calculated in subdivision (e) of Section 2574, less the sum of the amounts included in paragraphs (1) to (5), inclusive, of subdivision (c).

(iii) In any fiscal year before clause (ii) is operative, the county superintendent of schools shall develop, and present at least twice per fiscal year to the parents of pupils and the county board of education, information that enhances their understanding of and familiarity with the local control funding formula and the local control and accountability plan. When presenting this information, the county superintendent of schools shall explain, at a minimum and consistent with Section 48985, how parents can meaningfully participate and how the county office of education will provide meaningful opportunities for parental involvement, including, but not limited to, effective schoolsite councils and English learner advisory committees.

(2) If the amount determined pursuant to paragraph (1) is negative, state aid shall not be apportioned to the county superintendent of schools pursuant to paragraph (1). An amount of funds of that county superintendent of schools equal to that negative amount shall be deemed restricted and not available for expenditure during the fiscal year in which subdivision (d) applies. In the following fiscal year, that amount shall be considered local property tax revenue for purposes of paragraph (1) of subdivision (c).

(3) Commencing with the 2014–15 fiscal year, the Superintendent shall apportion to the county superintendent of schools an amount of state aid of no less than the amount calculated in paragraph (2) of subdivision (a), including any amount apportioned pursuant to paragraph (1).

(e) (1) Funds apportioned pursuant to this section shall be available for any locally determined educational purpose.



(2) (A) Funds apportioned for purposes of a supplemental grant pursuant to paragraph (2) and subparagraph (B) of paragraph (3) of subdivision (c) of Section ~~2754~~, 2574 shall only be used to serve and assist the pupils whose circumstances generated those funds and shall supplement, not supplant, existing state and federal funds expended on unduplicated pupils pursuant to a local control and accountability plan adopted by the county board of education.

(B) *County superintendents of schools that receive supplemental grants pursuant to this section shall provide services and assistance to an unduplicated pupil or pupils whose circumstances generated those funds at any school enrolling one or more unduplicated pupils.*

(3) (A) *Notwithstanding paragraph (2), a county superintendent of schools may use funds apportioned pursuant to this article, together with any other federal, state, or local funds, to improve the entire educational program of a school in which at least 70 percent of the enrolled pupils are unduplicated pupils, as defined in paragraph (1) of subdivision (b) of Section 2574, and that use of funds shall be referred to as a schoolwide program for purposes of this paragraph.*

(B) *A school participating in a schoolwide program may use funds apportioned pursuant to this article to benefit any pupil enrolled in the participating school.*

(C) *A school participating in a schoolwide program shall only use funds apportioned pursuant to this article to supplement funds that are, in the absence of the apportionment of funds pursuant to this article, available from other sources, including those that support legally required services for pupils with exceptional needs.*

(D) *A county superintendent of schools shall not make pupil enrollment decisions for purposes of making schools eligible to participate in a schoolwide program.*

(E) *A county superintendent of schools that chooses to use funds apportioned pursuant to this article to operate a schoolwide program shall describe how the funds will be used in the local control and accountability plan adopted by the county board of education.*

~~(3)~~

(4) Commencing with the 2014–15 fiscal year, unless otherwise required by federal law, any requirements associated with the items listed in paragraph (2) of subdivision (a) shall not apply.

1 2576. (a) If a county superintendent of schools enrolls in a  
2 school operated by the county superintendent of schools a pupil  
3 not funded pursuant to clause (i), (ii), or (iii) of subparagraph (A)  
4 of paragraph (3) of subdivision (c) of Section 2574, any attendance  
5 generated by that pupil shall be credited to the school district of  
6 residence. That school district shall pay to the county  
7 superintendent of schools the entire entitlement generated for each  
8 unit of average daily attendance by that pupil.

9 (b) For purposes of this section, the school district of residence  
10 for a homeless child, as defined in Section 1981.2, shall be deemed  
11 to be the school district that last provided educational services to  
12 that child or, if it is not possible to determine that school district,  
13 the largest school district in the county.

14 2577. Notwithstanding any other law, revenue limit funding  
15 for county superintendents of schools for the 2013–14 fiscal year  
16 and prior fiscal years shall continue to be adjusted pursuant to  
17 Article 3 (commencing with Section 2550), as that section read  
18 on January 1, 2014.

19 2578. Commencing on July 1, 2014, all of the following shall  
20 apply:

21 (a) All references to Section 2558 shall instead refer to Section  
22 2575.

23 (b) Unless context requires otherwise, all references to the  
24 revenue limit of a county office of education or county  
25 superintendent of schools shall instead refer to the county local  
26 control funding formula.

27 2579. This article shall become operative on July 1, 2014.

28 SEC. 8. Section 14002 of the Education Code is amended to  
29 read:

30 14002. (a) The Controller shall during each fiscal year  
31 commencing with the 1980–81 fiscal year, transfer from the  
32 General Fund of the state to that portion of the State School Fund  
33 restricted for elementary and high school purposes, hereinafter  
34 called Section A of the State School Fund such sums, in addition  
35 to the sums accruing from other sources, as shall provide in Section  
36 A of the State School Fund for apportionment during the fiscal  
37 year a total amount per pupil in average daily attendance during  
38 the preceding fiscal year credited to all elementary, high, and  
39 unified school districts and to all county superintendents of schools

1 in the state, as certified by the Superintendent of Public Instruction,  
2 of one hundred eighty dollars (\$180).

3 (b) The Controller shall also transfer, as needed during each  
4 fiscal year commencing with the 1980–81 fiscal year, such  
5 additional amounts from the General Fund to Section A of the  
6 State School Fund as are certified from time to time by the  
7 Superintendent of Public Instruction to be necessary to meet actual  
8 computed apportionments from Section A of the State School Fund  
9 for the purposes set forth in Section 41301; provided that the total  
10 of such additional amounts transferred in a fiscal year shall not  
11 exceed, except pursuant to subdivision (c) of this section, one  
12 thousand two hundred sixty-eight dollars (\$1,268) for the 1980–81  
13 fiscal year and fiscal years thereafter, per pupil in average daily  
14 attendance during the preceding fiscal year credited to all  
15 elementary, high, and unified school districts and to all county  
16 superintendents of schools in the state, as certified by the  
17 Superintendent of Public Instruction.

18 (c) In addition to the amounts authorized to be transferred to  
19 Section A of the State School Fund under subdivisions (a) and (b),  
20 the Controller shall transfer from the General Fund to Section A  
21 of the State School Fund during the fiscal year, upon certification  
22 of the Superintendent of Public Instruction, if necessary to meet  
23 actual computed apportionments for the fiscal year for the purposes  
24 set forth in Sections 41300 and 41301, an amount not to exceed  
25 the lesser of: (1) 1 percent of the total apportionment from Section  
26 A of the State School Fund in the preceding fiscal year for the  
27 purposes set forth in Sections 41300 and 41301, or (2) the net  
28 amount, if any, by which the total amounts authorized to be  
29 transferred from the General Fund to Section A of the State School  
30 Fund under subdivisions (a) and (b) in prior fiscal years have  
31 exceeded the total amounts actually apportioned in prior fiscal  
32 years for the purposes set forth in Sections 41300 and 41301.

33 (d) The Controller shall also transfer to Section A of the State  
34 School Fund any additional amounts appropriated thereto by the  
35 Legislature in augmentation of any of the amounts for any of the  
36 purposes set forth in Sections 41300 and 41301 and such additional  
37 amounts shall be allowed and apportioned by the Superintendent  
38 of Public Instruction and warrants therefor drawn by the Controller  
39 in the manner provided in Sections 41050, 46304, and 84503 and  
40 in this article, Article 2 (commencing with Section 14040), Article

3 (commencing with Section 41330) of Chapter 3, and Article 1  
2 (commencing with Section 41600) of Chapter 4 of Part 24.

3 (e) The amounts transferred under subdivisions (a) and (b) of  
4 this section shall be cumulatively increased by the following  
5 amounts:

6 (1) In the 1981–82 fiscal year, by 7 percent.

7 (2) In the 1982–83 fiscal year and each fiscal year thereafter,  
8 by 6 percent.

9 (f) This section shall become operative on July 1, 2002.

10 (g) This section shall become inoperative on July 1, 2014, and,  
11 as of January 1, 2015, is repealed, unless a later enacted statute,  
12 that becomes operative on or before January 1, 2015, deletes or  
13 extends the dates on which it becomes inoperative and is repealed.

14 SEC. 9. Section 14002 is added to the Education Code, to read:

15 14002. (a) Notwithstanding any other law, upon certification  
16 of the Superintendent, the Controller shall transfer from the General  
17 Fund to Section A of the State School Fund during each fiscal year  
18 the amount of moneys required to meet the actual computed  
19 apportionments for the fiscal year for the purposes set forth in  
20 Sections 2575, 42238.02, and 42238.03.

21 (b) The Controller shall also transfer to Section A of the State  
22 School Fund any additional amounts appropriated thereto by the  
23 Legislature in augmentation of any of the amounts for any of the  
24 purposes set forth in Sections 2575, 42238.02, and 42238.03 and  
25 such additional amounts shall be allowed and apportioned by the  
26 Superintendent and warrants therefor drawn by the Controller in  
27 the manner provided in Sections 41050 and 46304, and in this  
28 article, Article 2 (commencing with Section 14040), Article 3  
29 (commencing with Section 41330) of Chapter 3 of Part 24 of  
30 Division 3 of Title 2, and Article 1 (commencing with Section  
31 41600) of Chapter 4 of Part 24 of Division 3 of Title 2.

32 (c) This section shall become operative on July 1, 2014.

33 SEC. 10. Section 14002.1 of the Education Code is amended  
34 to read:

35 14002.1. (a) Notwithstanding any other law, for purposes of  
36 determining ~~(a)~~ (1) the amounts to be certified pursuant to Sections  
37 14002 and 14004, ~~(b)~~ (2) allocations made pursuant to Section  
38 41301, ~~(c)~~ (3) the apportionments required to be made pursuant  
39 to Sections 41330, 41332, and 41335, ~~(d)~~ (4) revenue limits for  
40 school districts pursuant to Section 42238, as adjusted pursuant to

1 Sections 42238.14, 42238.145, and 42238.146, and ~~(e) (5)~~ revenue  
2 limits for county offices of education pursuant to Section 2558, as  
3 adjusted pursuant to Sections 2558.4, 2558.45, and 2558.46, the  
4 Superintendent of Public Instruction shall use the property tax  
5 estimates received from county auditors pursuant to Section 75.70  
6 of the Revenue and Taxation Code.

7 (b) This section shall become inoperative on July 1, 2014, and,  
8 as of January 1, 2015, is repealed, unless a later enacted statute,  
9 that becomes operative on or before January 1, 2015, deletes or  
10 extends the dates on which it becomes inoperative and is repealed.

11 SEC. 11. Section 14002.1 is added to the Education Code, to  
12 read:

13 14002.1. (a) Notwithstanding any other law, for purposes of  
14 determining the amounts to be certified pursuant to subdivision  
15 (a) of Section 14002, the Superintendent shall use the property tax  
16 estimates received from county auditors pursuant to Section 75.70  
17 of the Revenue and Taxation Code.

18 (b) This section shall become operative on July 1, 2014.

19 SEC. 12. Section 14002.5 of the Education Code is amended  
20 to read:

21 14002.5. (a) In making the computation prescribed by  
22 subdivision (b) of Section 14002, the Controller shall cumulatively  
23 increase the seventy-nine cents (\$0.79) amount prescribed by that  
24 subdivision by 6 percent annually, and shall cumulatively increase  
25 the twenty-one dollar and fifty cents (\$21.50) amount prescribed  
26 by that subdivision by 6 percent annually.

27 (b) This section shall become inoperative on July 1, 2014, and,  
28 as of January 1, 2015, is repealed, unless a later enacted statute,  
29 that becomes operative on or before January 1, 2015, deletes or  
30 extends the dates on which it becomes inoperative and is repealed.

31 SEC. 13. Section 14003 of the Education Code is amended to  
32 read:

33 14003. (a) Commencing with the 2010–11 fiscal year, on  
34 March 28 of each fiscal year in which the percentage growth in  
35 per capita General Fund revenues exceeds the percentage growth  
36 in California per capita personal income, the Controller shall  
37 transfer from the General Fund to Sections A and B of the State  
38 School Fund, as set forth in subdivision (c), the amount determined  
39 pursuant to paragraph (1) minus the amount determined pursuant  
40 to paragraph (2).

1 (1) The product of General Fund revenues from proceeds of  
2 taxes and one-half of the difference between the percentage growth  
3 in per capita General Fund revenues from proceeds of taxes and  
4 in California per capita personal income.

5 (2) The amount of the maintenance factor certified pursuant to  
6 Section 41207.2 that is allocated in the current year pursuant to  
7 subdivision (e) of Section 8 of Article XVI of the California  
8 Constitution.

9 (b) The amount transferred pursuant to subdivision (a) shall be  
10 in addition to amounts required to be allocated pursuant to  
11 subdivision (b) of Section 8 of Article XVI of the California  
12 Constitution.

13 (c) (1) Of the amount determined pursuant to subdivision (a),  
14 the Controller shall transfer 92 percent to Section A of the State  
15 School Fund. The Superintendent shall allocate the funds  
16 transferred pursuant to this paragraph in the following priority  
17 order:

18 (A) An amount not to exceed two hundred million dollars  
19 (\$200,000,000) for the purposes of revenue limit equalization in  
20 a manner consistent with Section 42238.49 for the first fiscal year  
21 in which funds are transferred pursuant to this paragraph.

22 (B) Such amounts as necessary to reduce the revenue limit  
23 deficit factors set forth in Sections 2558.46 and 42238.146 until  
24 the deficit factors are reduced to zero.

25 (C) Any remaining amounts transferred pursuant to this  
26 paragraph shall be allocated as an equal increase per unit of average  
27 daily attendance in general purpose apportionments for purposes  
28 of Sections 2558, 42238, and 47633.

29 (2) Of the amount determined pursuant to subdivision (a), the  
30 Controller shall transfer 8 percent to Section B of the State School  
31 Fund. The Chancellor of the *California* Community Colleges shall  
32 allocate the funds transferred pursuant to this paragraph in equal  
33 amounts for the following purposes:

34 (A) For purposes of career and technical education pursuant to  
35 Chapter 352 of the Statutes of 2005.

36 (B) As a proportionate increase in general purpose  
37 apportionments for community college districts.

38 (d) For purposes of determining the amount required pursuant  
39 to paragraph (2) or (3), as applicable, of subdivision (b) of Section  
40 8 of Article XVI of the California Constitution for the following

1 fiscal year, all amounts transferred in the prior fiscal year pursuant  
2 to this section shall be deemed allocations to school districts and  
3 community college districts from General Fund proceeds of taxes  
4 appropriated pursuant to Article XIII B for that prior fiscal year.

5 (e) The sum of the amounts transferred pursuant to this section  
6 plus the sum of the amounts of the maintenance factor certified  
7 pursuant to Section 41207.2 that is allocated pursuant to  
8 subdivision (e) of Section 8 of Article XVI of the California  
9 Constitution shall not exceed the total amount of eleven billion  
10 two hundred twelve million nine hundred nine thousand dollars  
11 (\$11,212,909,000) less any maintenance factor amount that is  
12 allocated for the 2009–10 fiscal year.

13 (f) This section shall become inoperative on July 1, 2014, and,  
14 as of January 1, 2015, is repealed, unless a later enacted statute,  
15 that becomes operative on or before January 1, 2015, deletes or  
16 extends the dates on which it becomes inoperative and is repealed.

17 SEC. 14. Section 14003 is added to the Education Code, to  
18 read:

19 14003. (a) Commencing with the 2010–11 fiscal year, on  
20 March 28 of each fiscal year in which the percentage growth in  
21 per capita General Fund revenues exceeds the percentage growth  
22 in California per capita personal income, the Controller shall  
23 transfer from the General Fund to Sections A and B of the State  
24 School Fund, as set forth in subdivision (c), the amount determined  
25 pursuant to paragraph (1) minus the amount determined pursuant  
26 to paragraph (2).

27 (1) The product of General Fund revenues from proceeds of  
28 taxes and one-half of the difference between the percentage growth  
29 in per capita General Fund revenues from proceeds of taxes and  
30 in California per capita personal income.

31 (2) The amount of the maintenance factor certified pursuant to  
32 Section 41207.2 that is allocated in the current year pursuant to  
33 subdivision (e) of Section 8 of Article XVI of the California  
34 Constitution.

35 (b) The amount transferred pursuant to subdivision (a) shall be  
36 in addition to amounts required to be allocated pursuant to  
37 subdivision (b) of Section 8 of Article XVI of the California  
38 Constitution.

39 (c) (1) Of the amount determined pursuant to subdivision (a),  
40 the Controller shall transfer 92 percent to Section A of the State

1 School Fund. The Superintendent shall allocate the funds  
2 transferred pursuant to this paragraph in the following priority  
3 order:

4 (A) Such amounts as necessary to implement the local control  
5 funding formula pursuant to Section 42238.02, as implemented  
6 by Section 42238.03, and the county local control funding formula,  
7 pursuant to Section 2575.

8 (B) Any remaining amounts transferred pursuant to this  
9 paragraph shall be allocated pursuant to Sections 2575 and  
10 42238.02, as implemented by Section 42238.03.

11 (2) Of the amount determined pursuant to subdivision (a), the  
12 Controller shall transfer 8 percent to Section B of the State School  
13 Fund. The Chancellor of the *California* Community Colleges shall  
14 allocate the funds transferred pursuant to this paragraph in equal  
15 amounts for the following purposes:

16 (A) For purposes of career and technical education pursuant to  
17 Chapter 352 of the Statutes of 2005.

18 (B) As a proportionate increase in general purpose  
19 apportionments for community college districts.

20 (d) For purposes of determining the amount required pursuant  
21 to paragraph (2) or (3), as applicable, of subdivision (b) of Section  
22 8 of Article XVI of the California Constitution for the following  
23 fiscal year, all amounts transferred in the prior fiscal year pursuant  
24 to this section shall be deemed allocations to school districts and  
25 community college districts from General Fund proceeds of taxes  
26 appropriated pursuant to Article XIII B for that prior fiscal year.

27 (e) The sum of the amounts transferred pursuant to this section  
28 plus the sum of the amounts of the maintenance factor certified  
29 pursuant to Section 41207.2 that is allocated pursuant to  
30 subdivision (e) of Section 8 of Article XVI of the California  
31 Constitution shall not exceed the total amount of eleven billion  
32 two hundred twelve million nine hundred nine thousand dollars  
33 (\$11,212,909,000) less any maintenance factor amount that is  
34 allocated for the 2009–10 fiscal year.

35 (f) This section shall become operative on July 1, 2014.

36 SEC. 15. Section 14501 of the Education Code is amended to  
37 read:

38 14501. (a) As used in this chapter, “financial and compliance  
39 audit” shall be consistent with the definition provided in the  
40 “Standards for Audits of Governmental Organizations, Programs,



1 Activities, and Functions” promulgated by the Comptroller General  
2 of the United States. Financial and compliance audits conducted  
3 under this chapter shall fulfill federal single audit requirements.

4 (b) As used in this chapter, “compliance audit” means an audit  
5 that ascertains and verifies whether or not funds provided through  
6 apportionment, contract, or grant, either federal or state, have been  
7 properly disbursed and expended as required by law or regulation  
8 or both and includes the verification of each of the following:

9 (1) The reporting requirements for the sufficiency of textbooks  
10 or instructional materials, or both, as defined in Section 60119.

11 (2) Teacher misassignments pursuant to Section 44258.9.

12 (3) The accuracy of information reported on the School  
13 Accountability Report Card required by Section 33126. The  
14 requirements set forth in paragraphs (1) and (2) and this paragraph  
15 shall be added to the audit guide requirements pursuant to  
16 subdivision (b) of Section 14502.1.

17 (c) This section shall become inoperative on July 1, 2014, and,  
18 as of January 1, 2015, is repealed, unless a later enacted statute,  
19 that becomes operative on or before January 1, 2015, deletes or  
20 extends the dates on which it becomes inoperative and is repealed.

21 SEC. 16. Section 14501 is added to the Education Code, to  
22 read:

23 14501. (a) As used in this chapter, “financial and compliance  
24 audit” shall be consistent with the definition provided in the  
25 “Standards for Audits of Governmental Organizations, Programs,  
26 Activities, and Functions” promulgated by the Comptroller General  
27 of the United States. Financial and compliance audits conducted  
28 under this chapter shall fulfill federal single audit requirements.

29 (b) As used in this chapter, “compliance audit” means an audit  
30 that ascertains and verifies whether or not funds provided through  
31 apportionment, contract, or grant, either federal or state, have been  
32 properly disbursed and expended as required by law or regulation  
33 or both and includes the verification of each of the following:

34 (1) Expenditure of these funds in accordance with the local  
35 control and accountability plan adopted by the governing board  
36 of the school district pursuant to Sections 52060 and 52064 or the  
37 county board of education pursuant to Sections 52062 and 52064.

38 (2) The reporting requirements for the sufficiency of textbooks  
39 or instructional materials, or both, as defined in Section 60119.

40 (3) Teacher misassignments pursuant to Section 44258.9.

(4) The accuracy of information reported on the School Accountability Report Card required by Section 33126. The requirements set forth in paragraphs (1) and (2) and this paragraph shall be added to the audit guide requirements pursuant to subdivision (b) of Section 14502.1.

(c) This section shall become operative on July 1, 2014.

SEC. 17. Section 33127 of the Education Code is amended to read:

33127. (a) The Superintendent of Public Instruction, the Controller, and the Director ~~of the Department~~ of Finance shall develop, on or before March 1, 1989, standards and criteria to be reviewed and adopted by the State Board of Education, and to be used by local educational agencies in the development of annual budgets and the management of subsequent expenditures from that budget. During the development of the standards and criteria, the Superintendent of Public Instruction shall convene a committee composed of representatives from school districts, county offices of education, state agencies, the Legislature, and appropriate labor and professional organizations. The committee may review and comment on the proposal standards and criteria prior to their adoption. In addition, the standards and criteria shall be used to monitor the fiscal stability of local educational agencies as provided for in Sections 1240.1, 1240.2, 1621, 1623, 33131, 42127, and 42127.1.

(b) The Superintendent of Public Instruction, the Controller, and the Director ~~of the Department~~ of Finance shall update the standards and criteria developed pursuant to subdivision (a) on or before September 1, 2005. The updated standards and criteria shall be reviewed and adopted pursuant to the procedure established by subdivision (a) and are applicable to local educational agency budgets commencing with the 2006–07 fiscal year and each fiscal year thereafter.

(c) After September 1, 2005, to the extent necessary, any revisions or updates to the standards and criteria shall be developed by the Superintendent of Public Instruction, the Controller, and the Director ~~of the Department~~ of Finance pursuant to the procedures established by subdivision (a). The revisions or updates shall specify the fiscal year in which the revisions or updates are applicable.

1 (d) This section shall become inoperative on July 1, 2014, and,  
2 as of January 1, 2015, is repealed, unless a later enacted statute,  
3 that becomes operative on or before January 1, 2015, deletes or  
4 extends the dates on which it becomes inoperative and is repealed.

5 SEC. 18. Section 33127 is added to the Education Code, to  
6 read:

7 33127. (a) The Superintendent, the Controller, and the Director  
8 ~~of the Department~~ of Finance shall develop, on or before March  
9 1, 1989, standards and criteria to be reviewed and adopted by the  
10 state board, and to be used by local educational agencies in the  
11 development of annual budgets and the management of subsequent  
12 expenditures from that budget. During the development of the  
13 standards and criteria, the Superintendent shall convene a  
14 committee composed of representatives from school districts,  
15 county offices of education, state agencies, the Legislature, and  
16 appropriate labor and professional organizations. The committee  
17 may review and comment on the proposal standards and criteria  
18 prior to their adoption. In addition, the standards and criteria shall  
19 be used to monitor the fiscal stability of local educational agencies  
20 as provided for in Sections 1240.1, 1240.2, 1621, 1623, 33131,  
21 42127, and 42127.1.

22 (b) The Superintendent, the Controller, and the Director ~~of the~~  
23 ~~Department~~ of Finance shall update the standards and criteria  
24 developed pursuant to subdivision (a) on or before September 1,  
25 2005. The updated standards and criteria shall be reviewed and  
26 adopted pursuant to the procedure established by subdivision (a)  
27 and are applicable to local educational agency budgets commencing  
28 with the 2006–07 fiscal year and each fiscal year thereafter.

29 (c) The Superintendent, the Controller, and the Director ~~of the~~  
30 ~~Department~~ of Finance shall update the standards and criteria  
31 developed pursuant to subdivision (a) on or before January 1, 2015.  
32 Standards and criteria related to the requirements of Article 5  
33 (commencing with Section 52060) of Chapter 6.1 of Part 28 of  
34 Title 2 shall be included. The updated standards and criteria shall  
35 be reviewed and adopted pursuant to the procedure established by  
36 subdivision (a) and are applicable to local educational agency  
37 budgets commencing with the 2015–16 fiscal year and each fiscal  
38 year thereafter.

39 (d) After January 1, 2015, to the extent necessary, any revisions  
40 or updates to the standards and criteria shall be developed by the

1 Superintendent, the Controller, and the Director of the Department  
2 of Finance pursuant to the procedures established by subdivision  
3 (a). The revisions or updates shall specify the fiscal year in which  
4 the revisions or updates are applicable.

5 (e) This section shall become operative on July 1, 2014.

6 SEC. 19. Section 41020 of the Education Code is amended to  
7 read:

8 41020. (a) It is the intent of the Legislature to encourage sound  
9 fiscal management practices among local educational agencies for  
10 the most efficient and effective use of public funds for the  
11 education of children in California by strengthening fiscal  
12 accountability at the district, county, and state levels.

13 (b) (1) Not later than the first day of May of each fiscal year,  
14 each county superintendent of schools shall provide for an audit  
15 of all funds under his or her jurisdiction and control and the  
16 governing board of each local educational agency shall either  
17 provide for an audit of the books and accounts of the local  
18 educational agency, including an audit of income and expenditures  
19 by source of funds, or make arrangements with the county  
20 superintendent of schools having jurisdiction over the local  
21 educational agency to provide for that auditing.

22 (2) A contract to perform the audit of a local educational agency  
23 that has a disapproved budget or has received a negative  
24 certification on any budget or interim financial report during the  
25 current fiscal year or either of the two preceding fiscal years, or  
26 for which the county superintendent of schools has otherwise  
27 determined that a lack of going concern exists, is not valid unless  
28 approved by the responsible county superintendent of schools and  
29 the governing board.

30 (3) If the governing board of a local educational agency has not  
31 provided for an audit of the books and accounts of the local  
32 educational agency by April 1, the county superintendent of schools  
33 having jurisdiction over the local educational agency shall provide  
34 for the audit of each local educational agency.

35 (4) An audit conducted pursuant to this section shall comply  
36 fully with the Government Auditing Standards issued by the  
37 Comptroller General of the United States.

38 (5) For purposes of this section, “local educational agency” does  
39 not include community colleges.

1 (c) Each audit conducted in accordance with this section shall  
2 include all funds of the local educational agency, including the  
3 student body and cafeteria funds and accounts and any other funds  
4 under the control or jurisdiction of the local educational agency.  
5 Each audit shall also include an audit of pupil attendance  
6 procedures.

7 (d) All audit reports for each fiscal year shall be developed and  
8 reported using a format established by the Controller after  
9 consultation with the Superintendent and the Director of Finance.

10 (e) (1) The cost of the audits provided for by the county  
11 superintendent of schools shall be paid from the county school  
12 service fund and the county superintendent of schools shall transfer  
13 the pro rata share of the cost chargeable to each district from district  
14 funds.

15 (2) The cost of the audit provided for by a governing board shall  
16 be paid from local educational agency funds. The audit of the funds  
17 under the jurisdiction and control of the county superintendent of  
18 schools shall be paid from the county school service fund.

19 (f) (1) The audits shall be made by a certified public accountant  
20 or a public accountant, licensed by the California Board of  
21 Accountancy, and selected by the local educational agency, as  
22 applicable, from a directory of certified public accountants and  
23 public accountants deemed by the Controller as qualified to conduct  
24 audits of local educational agencies, which shall be published by  
25 the Controller not later than December 31 of each year.

26 (2) Commencing with the 2003–04 fiscal year and except as  
27 provided in subdivision (d) of Section 41320.1, it is unlawful for  
28 a public accounting firm to provide audit services to a local  
29 educational agency if the lead audit partner, or coordinating audit  
30 partner, having primary responsibility for the audit, or the audit  
31 partner responsible for reviewing the audit, has performed audit  
32 services for that local educational agency in each of the six previous  
33 fiscal years. The Education Audits Appeal Panel may waive this  
34 requirement if the panel finds that no otherwise eligible auditor is  
35 available to perform the audit.

36 (3) It is the intent of the Legislature that, notwithstanding  
37 paragraph (2), the rotation within public accounting firms conform  
38 to provisions of the federal Sarbanes-Oxley Act of 2002–(~~P.L.~~  
39 *Public Law* 107-204; 15 U.S.C. Sec. 7201 et seq.), and upon  
40 release of the report required by the act of the Comptroller General

1 of the United States addressing the mandatory rotation of registered  
2 public accounting firms, the Legislature intends to reconsider the  
3 provisions of paragraph (2). In determining which certified public  
4 accountants and public accountants shall be included in the  
5 directory, the Controller shall use the following criteria:

6 (A) The certified public accountants or public accountants shall  
7 be in good standing as certified by the *California* Board of  
8 Accountancy.

9 (B) The certified public accountants or public accountants, as  
10 a result of a quality control review conducted by the Controller  
11 pursuant to Section 14504.2, shall not have been found to have  
12 conducted an audit in a manner constituting noncompliance with  
13 subdivision (a) of Section 14503.

14 (g) (1) The auditor's report shall include each of the following:

15 (A) A statement that the audit was conducted pursuant to  
16 standards and procedures developed in accordance with Chapter  
17 3 (commencing with Section 14500) of Part 9 of Division 1 of  
18 Title 1.

19 (B) A summary of audit exceptions and management  
20 improvement recommendations.

21 (C) Each audit of a local educational agency shall include an  
22 evaluation by the auditor on whether there is substantial doubt  
23 about the ability of the local educational agency to continue as a  
24 going concern for a reasonable period of time. This evaluation  
25 shall be based on the Statement of Auditing Standards (SAS) No.  
26 59, as issued by the AICPA regarding disclosure requirements  
27 relating to the ability of the entity to continue as a going concern.

28 (2) To the extent possible, a description of correction or plan  
29 of correction shall be incorporated in the audit report, describing  
30 the specific actions that are planned to be taken, or that have been  
31 taken, to correct the problem identified by the auditor. The  
32 descriptions of specific actions to be taken or that have been taken  
33 shall not solely consist of general comments such as "will  
34 implement," "accepted the recommendation," or "will discuss at  
35 a later date."

36 (h) Not later than December 15, a report of each local  
37 educational agency audit for the preceding fiscal year shall be filed  
38 with the county superintendent of schools of the county in which  
39 the local educational agency is located, the department, and the  
40 Controller. The Superintendent shall make any adjustments

1 necessary in future apportionments of all state funds, to correct  
2 any audit exceptions revealed by those audit reports.

3 (i) (1) Commencing with the 2002–03 audit of local educational  
4 agencies pursuant to this section and subdivision (d) of Section  
5 41320.1, each county superintendent of schools shall be responsible  
6 for reviewing the audit exceptions contained in an audit of a local  
7 educational agency under his or her jurisdiction related to  
8 attendance, inventory of equipment, internal control, and any  
9 miscellaneous items, and determining whether the exceptions have  
10 been either corrected or an acceptable plan of correction has been  
11 developed.

12 (2) Commencing with the 2004–05 audit of local educational  
13 agencies pursuant to this section and subdivision (d) of Section  
14 41320.1, each county superintendent of schools shall include in  
15 the review of audit exceptions performed pursuant to this  
16 subdivision those audit exceptions related to use of instructional  
17 materials program funds, teacher misassignments pursuant to  
18 Section 44258.9, *and* information reported on the school  
19 accountability report card required pursuant to Section 33126, and  
20 shall determine whether the exceptions are either corrected or an  
21 acceptable plan of correction has been developed.

22 (j) Upon submission of the final audit report to the governing  
23 board of each local educational agency and subsequent receipt of  
24 the audit by the county superintendent of schools having  
25 jurisdiction over the local educational agency, the county office  
26 of education shall do all of the following:

27 (1) Review audit exceptions related to attendance, inventory of  
28 equipment, internal control, and other miscellaneous exceptions.  
29 Attendance exceptions or issues shall include, but not be limited  
30 to, those related to revenue limits, adult education, and independent  
31 study.

32 (2) If a description of the correction or plan of correction has  
33 not been provided as part of the audit required by this section, then  
34 the county superintendent of schools shall notify the local  
35 educational agency and request the governing board of the local  
36 educational agency to provide to the county superintendent of  
37 schools a description of the corrections or plan of correction by  
38 March 15.

39 (3) Review the description of correction or plan of correction  
40 and determine its adequacy. If the description of the correction or

1 plan of correction is not adequate, the county superintendent of  
2 schools shall require the local educational agency to resubmit that  
3 portion of its response that is inadequate.

4 (k) Each county superintendent of schools shall certify to the  
5 Superintendent and the Controller, not later than May 15, that his  
6 or her staff has reviewed all audits of local educational agencies  
7 under his or her jurisdiction for the prior fiscal year, that all  
8 exceptions that the county superintendent was required to review  
9 were reviewed, and that all of those exceptions, except as otherwise  
10 noted in the certification, have been corrected by the local  
11 educational agency or that an acceptable plan of correction has  
12 been submitted to the county superintendent of schools. In addition,  
13 the county superintendent shall identify, by local educational  
14 agency, any attendance-related audit exception or exceptions  
15 involving state funds, and require the local educational agency to  
16 which the audit exceptions were directed to submit appropriate  
17 reporting forms for processing by the Superintendent.

18 (l) In the audit of a local educational agency for a subsequent  
19 year, the auditor shall review the correction or plan or plans of  
20 correction submitted by the local educational agency to determine  
21 if the exceptions have been resolved. If not, the auditor shall  
22 immediately notify the appropriate county office of education and  
23 the department and restate the exception in the audit report. After  
24 receiving that notification, the department shall either consult with  
25 the local educational agency to resolve the exception or require  
26 the county superintendent of schools to follow up with the local  
27 educational agency.

28 (m) (1) The Superintendent shall be responsible for ensuring  
29 that local educational agencies have either corrected or developed  
30 plans of correction for any one or more of the following:

31 (A) All federal and state compliance audit exceptions identified  
32 in the audit.

33 (B) Any exceptions that the county superintendent certifies as  
34 of May 15 have not been corrected.

35 (C) Any repeat audit exceptions that are not assigned to a county  
36 superintendent to correct.

37 (2) In addition, the Superintendent shall be responsible for  
38 ensuring that county superintendents of schools and each county  
39 board of education that serves as the governing board of a local  
40 educational agency either correct all audit exceptions identified in



1 the audits of county superintendents of schools and of the local  
2 educational agencies for which the county boards of education  
3 serve as the governing boards or develop acceptable plans of  
4 correction for those exceptions.

5 (3) The Superintendent shall report annually to the Controller  
6 on his or her actions to ensure that school districts, county  
7 superintendents of schools, and each county board of education  
8 that serves as the governing board of a school district have either  
9 corrected or developed plans of correction for any of the exceptions  
10 noted pursuant to paragraph (1).

11 (n) To facilitate correction of the exceptions identified by the  
12 audits issued pursuant to this section, commencing with 2002–03  
13 audits pursuant to this section, the Controller shall require auditors  
14 to categorize audit exceptions in each audit report in a manner that  
15 will make it clear to both the county superintendent of schools and  
16 the Superintendent which exceptions they are responsible for  
17 ensuring the correction of by a local educational agency. In  
18 addition, the Controller annually shall select a sampling of county  
19 superintendents of schools and perform a followup of the audit  
20 resolution process of those county superintendents of schools and  
21 report the results of that followup to the Superintendent and the  
22 county superintendents of schools that were reviewed.

23 (o) County superintendents of schools shall adjust subsequent  
24 local property tax requirements to correct audit exceptions relating  
25 to local educational agency tax rates and tax revenues.

26 (p) If a governing board or county superintendent of schools  
27 fails or is unable to make satisfactory arrangements for the audit  
28 pursuant to this section, the Controller shall make arrangements  
29 for the audit and the cost of the audit shall be paid from local  
30 educational agency funds or the county school service fund, as the  
31 case may be.

32 (q) Audits of regional occupational centers and programs are  
33 subject to the provisions of this section.

34 (r) This section does not authorize examination of, or reports  
35 on, the curriculum used or provided for in any local educational  
36 agency.

37 (s) Notwithstanding any other provision of law, a nonauditing,  
38 management, or other consulting service to be provided to a local  
39 educational agency by a certified public accounting firm while the  
40 certified public accounting firm is performing an audit of the

1 agency pursuant to this section must be in accord with Government  
2 Accounting Standards, Amendment No. 3, as published by the  
3 United States General Accounting Office.

4 (t) This section shall become inoperative on July 1, 2014, and,  
5 as of January 1, 2015, is repealed, unless a later enacted statute,  
6 that becomes operative on or before January 1, 2015, deletes or  
7 extends the dates on which it becomes inoperative and is repealed.

8 SEC. 20. Section 41020 is added to the Education Code, to  
9 read:

10 41020. (a) It is the intent of the Legislature to encourage sound  
11 fiscal management practices among local educational agencies for  
12 the most efficient and effective use of public funds for the  
13 education of children in California by strengthening fiscal  
14 accountability at the school district, county, and state levels.

15 (b) (1) Not later than the first day of May of each fiscal year,  
16 each county superintendent of schools shall provide for an audit  
17 of all funds under his or her jurisdiction and control and the  
18 governing board of each local educational agency shall either  
19 provide for an audit of the books and accounts of the local  
20 educational agency, including an audit of income and expenditures  
21 by source of funds, or make arrangements with the county  
22 superintendent of schools having jurisdiction over the local  
23 educational agency to provide for that auditing.

24 (2) A contract to perform the audit of a local educational agency  
25 that has a disapproved budget or has received a negative  
26 certification on any budget or interim financial report during the  
27 current fiscal year or either of the two preceding fiscal years, or  
28 for which the county superintendent of schools has otherwise  
29 determined that a lack of going concern exists, is not valid unless  
30 approved by the responsible county superintendent of schools and  
31 the governing board of the local educational agency.

32 (3) If the governing board of a local educational agency has not  
33 provided for an audit of the books and accounts of the local  
34 educational agency by April 1, the county superintendent of schools  
35 having jurisdiction over the local educational agency shall provide  
36 for the audit of each local educational agency.

37 (4) An audit conducted pursuant to this section shall comply  
38 fully with the Government Auditing Standards issued by the  
39 Comptroller General of the United States.

1 (5) For purposes of this section, “local educational agency” does  
2 not include community colleges.

3 (c) Each audit conducted in accordance with this section shall  
4 include all funds of the local educational agency, including the  
5 student body and cafeteria funds and accounts and any other funds  
6 under the control or jurisdiction of the local educational agency.  
7 Each audit shall also include an audit of pupil attendance  
8 procedures. Each audit shall include a determination of whether  
9 funds were expended in accordance with a local control and  
10 accountability plan pursuant to Article 5 (commencing with Section  
11 52060) of Chapter 6.1 of Part 28 of Division 3.

12 (d) All audit reports for each fiscal year shall be developed and  
13 reported using a format established by the Controller after  
14 consultation with the Superintendent and the Director of Finance.

15 (e) (1) The cost of the audits provided for by the county  
16 superintendent of schools shall be paid from the county school  
17 service fund and the county superintendent of schools shall transfer  
18 the pro rata share of the cost chargeable to each school district  
19 from school district funds.

20 (2) The cost of the audit provided for by a governing board of  
21 a local educational agency shall be paid from local educational  
22 agency funds. The audit of the funds under the jurisdiction and  
23 control of the county superintendent of schools shall be paid from  
24 the county school service fund.

25 (f) (1) The audits shall be made by a certified public accountant  
26 or a public accountant, licensed by the California Board of  
27 Accountancy, and selected by the local educational agency, as  
28 applicable, from a directory of certified public accountants and  
29 public accountants deemed by the Controller as qualified to conduct  
30 audits of local educational agencies, which shall be published by  
31 the Controller not later than December 31 of each year.

32 (2) Commencing with the 2003–04 fiscal year and except as  
33 provided in subdivision (d) of Section 41320.1, it is unlawful for  
34 a public accounting firm to provide audit services to a local  
35 educational agency if the lead audit partner, or coordinating audit  
36 partner, having primary responsibility for the audit, or the audit  
37 partner responsible for reviewing the audit, has performed audit  
38 services for that local educational agency in each of the six previous  
39 fiscal years. The Education Audits Appeal Panel may waive this

1 requirement if the panel finds that no otherwise eligible auditor is  
2 available to perform the audit.

3 (3) It is the intent of the Legislature that, notwithstanding  
4 paragraph (2), the rotation within public accounting firms conform  
5 to provisions of the federal Sarbanes-Oxley Act of 2002 (Public  
6 Law 107-204; 15 U.S.C. Sec. 7201 et seq.), and upon release of  
7 the report required by the act of the Comptroller General of the  
8 United States addressing the mandatory rotation of registered  
9 public accounting firms, the Legislature intends to reconsider the  
10 provisions of paragraph (2). In determining which certified public  
11 accountants and public accountants shall be included in the  
12 directory, the Controller shall use the following criteria:

13 (A) The certified public accountants or public accountants shall  
14 be in good standing as certified by the *California* Board of  
15 Accountancy.

16 (B) The certified public accountants or public accountants, as  
17 a result of a quality control review conducted by the Controller  
18 pursuant to Section 14504.2, shall not have been found to have  
19 conducted an audit in a manner constituting noncompliance with  
20 subdivision (a) of Section 14503.

21 (g) (1) The auditor's report shall include each of the following:

22 (A) A statement that the audit was conducted pursuant to  
23 standards and procedures developed in accordance with Chapter  
24 3 (commencing with Section 14500) of Part 9 of Division 1 of  
25 Title 1.

26 (B) A summary of audit exceptions and management  
27 improvement recommendations.

28 (C) Each audit of a local educational agency shall include an  
29 evaluation by the auditor on whether there is substantial doubt  
30 about the ability of the local educational agency to continue as a  
31 going concern for a reasonable period of time. This evaluation  
32 shall be based on the Statement on Auditing Standards (SAS) No.  
33 59, as issued by the AICPA regarding disclosure requirements  
34 relating to the ability of the entity to continue as a going concern.

35 (2) To the extent possible, a description of correction or plan  
36 of correction shall be incorporated in the audit report, describing  
37 the specific actions that are planned to be taken, or that have been  
38 taken, to correct the problem identified by the auditor. The  
39 descriptions of specific actions to be taken or that have been taken  
40 shall not solely consist of general comments such as "will

1 implement,” “accepted the recommendation,” or “will discuss at  
2 a later date.”

3 (h) Not later than December 15, a report of each local  
4 educational agency audit for the preceding fiscal year shall be filed  
5 with the county superintendent of schools of the county in which  
6 the local educational agency is located, the department, and the  
7 Controller. The Superintendent shall make any adjustments  
8 necessary in future apportionments of all state funds, to correct  
9 any audit exceptions revealed by those audit reports.

10 (i) (1) Commencing with the 2002–03 audit of local educational  
11 agencies pursuant to this section and subdivision (d) of Section  
12 41320.1, each county superintendent of schools shall be responsible  
13 for reviewing the audit exceptions contained in an audit of a local  
14 educational agency under his or her jurisdiction related to  
15 attendance, inventory of equipment, internal control, and any  
16 miscellaneous items, and determining whether the exceptions have  
17 been either corrected or an acceptable plan of correction has been  
18 developed.

19 (2) Commencing with the 2004–05 audit of local educational  
20 agencies pursuant to this section and subdivision (d) of Section  
21 41320.1, each county superintendent of schools shall include in  
22 the review of audit exceptions performed pursuant to this  
23 subdivision those audit exceptions related to use of instructional  
24 materials program funds, teacher misassignments pursuant to  
25 Section 44258.9, *and* information reported on the school  
26 accountability report card required pursuant to Section 33126, and  
27 shall determine whether the exceptions are either corrected or an  
28 acceptable plan of correction has been developed.

29 (j) Upon submission of the final audit report to the governing  
30 board of each local educational agency and subsequent receipt of  
31 the audit by the county superintendent of schools having  
32 jurisdiction over the local educational agency, the county office  
33 of education shall do all of the following:

34 (1) Review audit exceptions related to attendance, inventory of  
35 equipment, internal control, and other miscellaneous exceptions.  
36 Attendance exceptions or issues shall include, but not be limited  
37 to, those related to local control funding formula allocations  
38 pursuant to Section 42238.02, as implemented by Section 42238.03,  
39 and independent study.

(2) If a description of the correction or plan of correction has not been provided as part of the audit required by this section, then the county superintendent of schools shall notify the local educational agency and request the governing board of the local educational agency to provide to the county superintendent of schools a description of the corrections or plan of correction by March 15.

(3) Review the description of correction or plan of correction and determine its adequacy. If the description of the correction or plan of correction is inadequate, the county superintendent of schools shall require the local educational agency to resubmit that portion of its response that is inadequate.

(k) Each county superintendent of schools shall certify to the Superintendent and the Controller, not later than May 15, that his or her staff has reviewed all audits of local educational agencies under his or her jurisdiction for the prior fiscal year, that all exceptions that the county superintendent was required to review were reviewed, and that all of those exceptions, except as otherwise noted in the certification, have been corrected by the local educational agency or that an acceptable plan of correction has been submitted to the county superintendent of schools. In addition, the county superintendent shall identify, by local educational agency, any attendance-related audit exception or exceptions involving state funds, and require the local educational agency to which the audit exceptions were directed to submit appropriate reporting forms for processing by the Superintendent.

(l) In the audit of a local educational agency for a subsequent year, the auditor shall review the correction or plan or plans of correction submitted by the local educational agency to determine if the exceptions have been resolved. If not, the auditor shall immediately notify the appropriate county office of education and the department and restate the exception in the audit report. After receiving that notification, the department shall either consult with the local educational agency to resolve the exception or require the county superintendent of schools to follow up with the local educational agency.

(m) (1) The Superintendent shall be responsible for ensuring that local educational agencies have either corrected or developed plans of correction for any one or more of the following:

1 (A) All federal and state compliance audit exceptions identified  
2 in the audit.

3 (B) Any exceptions that the county superintendent certifies as  
4 of May 15 have not been corrected.

5 (C) Any repeat audit exceptions that are not assigned to a county  
6 superintendent to correct.

7 (2) In addition, the Superintendent shall be responsible for  
8 ensuring that county superintendents of schools and each county  
9 board of education that serves as the governing board of a local  
10 educational agency either correct all audit exceptions identified in  
11 the audits of county superintendents of schools and of the local  
12 educational agencies for which the county boards of education  
13 serve as the governing boards or develop acceptable plans of  
14 correction for those exceptions.

15 (3) The Superintendent shall report annually to the Controller  
16 on his or her actions to ensure that school districts, county  
17 superintendents of schools, and each county board of education  
18 that serves as the governing board of a school district have either  
19 corrected or developed plans of correction for any of the exceptions  
20 noted pursuant to paragraph (1).

21 (n) To facilitate correction of the exceptions identified by the  
22 audits issued pursuant to this section, commencing with 2002–03  
23 audits pursuant to this section, the Controller shall require auditors  
24 to categorize audit exceptions in each audit report in a manner that  
25 will make it clear to both the county superintendent of schools and  
26 the Superintendent which exceptions they are responsible for  
27 ensuring the correction of by a local educational agency. In  
28 addition, the Controller annually shall select a sampling of county  
29 superintendents of schools and perform a followup of the audit  
30 resolution process of those county superintendents of schools and  
31 report the results of that followup to the Superintendent and the  
32 county superintendents of schools that were reviewed.

33 (o) County superintendents of schools shall adjust subsequent  
34 local property tax requirements to correct audit exceptions relating  
35 to local educational agency tax rates and tax revenues.

36 (p) If a governing board of a local educational agency or county  
37 superintendent of schools fails or is unable to make satisfactory  
38 arrangements for the audit pursuant to this section, the Controller  
39 shall make arrangements for the audit and the cost of the audit

1 shall be paid from local educational agency funds or the county  
2 school service fund, as the case may be.

3 (q) Audits of regional occupational centers and programs are  
4 subject to the provisions ~~on~~ of this section.

5 (r) This section does not authorize examination of, or reports  
6 on, the curriculum used or provided for in any local educational  
7 agency.

8 (s) Notwithstanding any other law, a nonauditing, management,  
9 or other consulting service to be provided to a local educational  
10 agency by a certified public accounting firm while the certified  
11 public accounting firm is performing an audit of the local  
12 educational agency pursuant to this section must be in accord with  
13 Government Accounting Standards, Amendment No. 3, as  
14 published by the United States General Accounting Office.

15 (t) This section shall become operative on July 1, 2014.

16 SEC. 21. Section 41202 of the Education Code is amended to  
17 read:

18 41202. The words and phrases set forth in subdivision (b) of  
19 Section 8 of Article XVI of the Constitution of the State of  
20 California shall have the following meanings:

21 (a) “Moneys to be applied by the State,” as used in subdivision  
22 (b) of Section 8 of Article XVI of the California Constitution,  
23 means appropriations from the General Fund that are made for  
24 allocation to school districts, as defined, or community college  
25 districts. An appropriation that is withheld, impounded, or made  
26 without provisions for its allocation to school districts or  
27 community college districts, shall not be considered to be “moneys  
28 to be applied by the State.”

29 (b) “General Fund revenues which may be appropriated pursuant  
30 to Article XIII B,” as used in paragraph (1) of subdivision (b) of  
31 Section 8 of Article XVI, means General Fund revenues that are  
32 the proceeds of taxes as defined by subdivision (c) of Section 8 of  
33 Article XIII B of the California Constitution, including, for the  
34 1986–87 fiscal year only, any revenues that are determined to be  
35 in excess of the appropriations limit established pursuant to Article  
36 XIII B for the fiscal year in which they are received. General Fund  
37 revenues for a fiscal year to which paragraph (1) of subdivision  
38 (b) is being applied shall include, in that computation, only General  
39 Fund revenues for that fiscal year that are the proceeds of taxes,  
40 as defined in subdivision (c) of Section 8 of Article XIII B of the



1 California Constitution, and shall not include prior fiscal year  
2 revenues. Commencing with the 1995–96 fiscal year, and each  
3 fiscal year thereafter, “General Fund revenues that are the proceeds  
4 of taxes,” as defined in subdivision (c) of Section 8 of Article  
5 XIII B of the California Constitution, includes any portion of the  
6 proceeds of taxes received from the state sales tax that are  
7 transferred to the counties pursuant to, and only if, legislation is  
8 enacted during the 1995–96 fiscal year the purpose of which is to  
9 realign children’s programs. The amount of the proceeds of taxes  
10 shall be computed for any fiscal year in a manner consistent with  
11 the manner in which the amount of the proceeds of taxes was  
12 computed by the Department of Finance for purposes of the  
13 Governor’s Budget for the Budget Act of 1986.

14 (c) “General Fund revenues appropriated for school districts,”  
15 as used in paragraph (1) of subdivision (b) of Section 8 of Article  
16 XVI of the California Constitution, means the sum of  
17 appropriations made that are for allocation to school districts, as  
18 defined in Section 41302.5, regardless of whether those  
19 appropriations were made from the General Fund to the  
20 Superintendent, to the Controller, or to any other fund or state  
21 agency for the purpose of allocation to school districts. The full  
22 amount of any appropriation shall be included in the calculation  
23 of the percentage required by paragraph (1) of subdivision (b) of  
24 Article XVI, without regard to any unexpended balance of any  
25 appropriation. Any reappropriation of funds appropriated in any  
26 prior year shall not be included in the sum of appropriations.

27 (d) “General Fund revenues appropriated for community college  
28 districts,” as used in paragraph (1) of subdivision (b) of Section 8  
29 of Article XVI of the California Constitution, means the sum of  
30 appropriations made that are for allocation to community college  
31 districts, regardless of whether those appropriations were made  
32 from the General Fund to the Controller, to the Chancellor of the  
33 California Community Colleges, or to any other fund or state  
34 agency for the purpose of allocation to community college districts.  
35 The full amount of any appropriation shall be included in the  
36 calculation of the percentage required by paragraph (1) of  
37 subdivision (b) of Article XVI, without regard to any unexpended  
38 balance of any appropriation. Any reappropriation of funds  
39 appropriated in any prior year shall not be included in the sum of  
40 appropriations.

(e) “Total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as used in paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means the sum of appropriations made that are for allocation to school districts, as defined in Section 41302.5, and community college districts, regardless of whether those appropriations were made from the General Fund to the Controller, to the Superintendent, to the Chancellor of the California Community Colleges, or to any other fund or state agency for the purpose of allocation to school districts and community college districts. The full amount of any appropriation shall be included in the calculation of the percentage required by paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI, without regard to any unexpended balance of any appropriation. Any reappropriation of funds appropriated in any prior year shall not be included in the sum of appropriations.

(f) “General Fund revenues appropriated for school districts and community college districts, respectively” and “moneys to be applied by the state for the support of school districts and community college districts,” as used in Section 8 of Article XVI of the California Constitution, shall include funds appropriated for part-day California state preschool programs under Article 7 (commencing with Section 8235) of Chapter 2 of Part 6 of Division 1 of Title 1, and the After School Education and Safety Program established pursuant to Article 22.5 (commencing with Section 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, and shall not include any of the following:

(1) Any appropriation that is not made for allocation to a school district, as defined in Section 41302.5, or to a community college district, regardless of whether the appropriation is made for any purpose that may be considered to be for the benefit to a school district, as defined in Section 41302.5, or a community college district. This paragraph shall not be construed to exclude any funding appropriated for part-day California state preschool programs under Article 7 (commencing with Section 8235) of Chapter 2 of Part 6 of Division 1 of Title 1 or the After School Education and Safety Program established pursuant to Article 22.5 (commencing with Section 8482) of Chapter 2 of Part 6 of Division 1 of Title 1.

1 (2) Any appropriation made to the Teachers' Retirement Fund  
2 or to the Public Employees' Retirement Fund except those  
3 appropriations for reimbursable state mandates imposed on or  
4 before January 1, 1988.

5 (3) Any appropriation made to service any public debt approved  
6 by the voters of this state.

7 (4) With the exception of the programs identified in paragraph  
8 (1), commencing with the 2011–12 fiscal year, any funds  
9 appropriated for the Child Care and Development Services Act,  
10 pursuant to Chapter 2 (commencing with Section 8200) of Part 6  
11 of Division 1 of Title 1.

12 (g) "Allocated local proceeds of taxes," as used in paragraph  
13 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the  
14 California Constitution, means, for school districts as defined,  
15 those local revenues, except revenues identified pursuant to  
16 paragraph (5) of subdivision (h) of Section 42238, that are used  
17 to offset state aid for school districts in calculations performed  
18 pursuant to Sections 2558, 42238, and Chapter 7.2 (commencing  
19 with Section 56836) of Part 30.

20 (h) "Allocated local proceeds of taxes," as used in paragraph  
21 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the  
22 California Constitution, means, for community college districts,  
23 those local revenues that are used to offset state aid for community  
24 college districts in calculations performed pursuant to Section  
25 84700. In no event shall the revenues or receipts derived from  
26 student fees be considered "allocated local proceeds of taxes."

27 (i) For purposes of calculating the 4-percent entitlement pursuant  
28 to subdivision (a) of Section 8.5 of Article XVI of the California  
29 Constitution, "the total amount required pursuant to Section 8(b)"  
30 shall mean the General Fund aid required for schools pursuant to  
31 subdivision (b) of Section 8 of Article XVI of the California  
32 Constitution, and shall not include allocated local proceeds of  
33 taxes.

34 (j) This section shall become inoperative on December 15, 2012,  
35 and, as of January 1, 2013, is repealed, only if the Schools and  
36 Local Public Safety Protection Act of 2012 (Attorney General  
37 reference number 12-0009) is not approved by the voters at the  
38 November 6, 2012, statewide general election, or if the provisions  
39 of that act that modify personal income tax rates do not become  
40 operative due to a conflict with another initiative measure that is

1 approved at the same election and receives a greater number of  
2 affirmative votes.

3 (k) This section shall become inoperative on July 1, 2014, and,  
4 as of January 1, 2015, is repealed, unless a later enacted statute,  
5 that becomes operative on or before January 1, 2015, deletes or  
6 extends the dates on which it becomes inoperative and is repealed.

7 SEC. 22. Section 41202 is added to the Education Code, to  
8 read:

9 41202. The words and phrases set forth in subdivision (b) of  
10 Section 8 of Article XVI of the Constitution of the State of  
11 California shall have the following meanings:

12 (a) “Moneys to be applied by the State,” as used in subdivision  
13 (b) of Section 8 of Article XVI of the California Constitution,  
14 means appropriations from the General Fund that are made for  
15 allocation to school districts, as defined, or community college  
16 districts. An appropriation that is withheld, impounded, or made  
17 without provisions for its allocation to school districts or  
18 community college districts, shall not be considered to be “moneys  
19 to be applied by the State.”

20 (b) “General Fund revenues which may be appropriated pursuant  
21 to Article XIII B,” as used in paragraph (1) of subdivision (b) of  
22 Section 8 of Article XVI, means General Fund revenues that are  
23 the proceeds of taxes as defined by subdivision (c) of Section 8 of  
24 Article XIII B of the California Constitution, including, for the  
25 1986–87 fiscal year only, any revenues that are determined to be  
26 in excess of the appropriations limit established pursuant to Article  
27 XIII B for the fiscal year in which they are received. General Fund  
28 revenues for a fiscal year to which paragraph (1) of subdivision  
29 (b) is being applied shall include, in that computation, only General  
30 Fund revenues for that fiscal year that are the proceeds of taxes,  
31 as defined in subdivision (c) of Section 8 of Article XIII B of the  
32 California Constitution, and shall not include prior fiscal year  
33 revenues. Commencing with the 1995–96 fiscal year, and each  
34 fiscal year thereafter, “General Fund revenues that are the proceeds  
35 of taxes,” as defined in subdivision (c) of Section 8 of Article  
36 XIII B of the California Constitution, includes any portion of the  
37 proceeds of taxes received from the state sales tax that are  
38 transferred to the counties pursuant to, and only if, legislation is  
39 enacted during the 1995–96 fiscal year the purpose of which is to  
40 realign children’s programs. The amount of the proceeds of taxes

1 shall be computed for any fiscal year in a manner consistent with  
2 the manner in which the amount of the proceeds of taxes was  
3 computed by the Department of Finance for purposes of the  
4 Governor's Budget for the Budget Act of 1986.

5 (c) "General Fund revenues appropriated for school districts,"  
6 as used in paragraph (1) of subdivision (b) of Section 8 of Article  
7 XVI of the California Constitution, means the sum of  
8 appropriations made that are for allocation to school districts, as  
9 defined in Section 41302.5, regardless of whether those  
10 appropriations were made from the General Fund to the  
11 Superintendent, to the Controller, or to any other fund or state  
12 agency for the purpose of allocation to school districts. The full  
13 amount of any appropriation shall be included in the calculation  
14 of the percentage required by paragraph (1) of subdivision (b) of  
15 Article XVI, without regard to any unexpended balance of any  
16 appropriation. Any reappropriation of funds appropriated in any  
17 prior year shall not be included in the sum of appropriations.

18 (d) "General Fund revenues appropriated for community college  
19 districts," as used in paragraph (1) of subdivision (b) of Section 8  
20 of Article XVI of the California Constitution, means the sum of  
21 appropriations made that are for allocation to community college  
22 districts, regardless of whether those appropriations were made  
23 from the General Fund to the Controller, to the Chancellor of the  
24 California Community Colleges, or to any other fund or state  
25 agency for the purpose of allocation to community college districts.  
26 The full amount of any appropriation shall be included in the  
27 calculation of the percentage required by paragraph (1) of  
28 subdivision (b) of Article XVI, without regard to any unexpended  
29 balance of any appropriation. Any reappropriation of funds  
30 appropriated in any prior year shall not be included in the sum of  
31 appropriations.

32 (e) "Total allocations to school districts and community college  
33 districts from General Fund proceeds of taxes appropriated pursuant  
34 to Article XIII B," as used in paragraph (2) or (3) of subdivision  
35 (b) of Section 8 of Article XVI of the California Constitution,  
36 means the sum of appropriations made that are for allocation to  
37 school districts, as defined in Section 41302.5, and community  
38 college districts, regardless of whether those appropriations were  
39 made from the General Fund to the Controller, to the  
40 Superintendent, to the Chancellor of the California Community

1 Colleges, or to any other fund or state agency for the purpose of  
2 allocation to school districts and community college districts. The  
3 full amount of any appropriation shall be included in the calculation  
4 of the percentage required by paragraph (2) or (3) of subdivision  
5 (b) of Section 8 of Article XVI, without regard to any unexpended  
6 balance of any appropriation. Any reappropriation of funds  
7 appropriated in any prior year shall not be included in the sum of  
8 appropriations.

9 (f) “General Fund revenues appropriated for school districts  
10 and community college districts, respectively” and “moneys to be  
11 applied by the state for the support of school districts and  
12 community college districts,” as used in Section 8 of Article XVI  
13 of the California Constitution, shall include funds appropriated for  
14 part-day California state preschool programs under Article 7  
15 (commencing with Section 8235) of Chapter 2 of Part 6 of Division  
16 1 of Title 1, and the After School Education and Safety Program  
17 established pursuant to Article 22.5 (commencing with Section  
18 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, and shall not  
19 include any of the following:

20 (1) Any appropriation that is not made for allocation to a school  
21 district, as defined in Section 41302.5, or to a community college  
22 district, regardless of whether the appropriation is made for any  
23 purpose that may be considered to be for the benefit to a school  
24 district, as defined in Section 41302.5, or a community college  
25 district. This paragraph shall not be construed to exclude any  
26 funding appropriated for part-day California state preschool  
27 programs under Article 7 (commencing with Section 8235) of  
28 Chapter 2 of Part 6 of Division 1 of Title 1 or the After School  
29 Education and Safety Program established pursuant to Article 22.5  
30 (commencing with Section 8482) of Chapter 2 of Part 6 of Division  
31 1 of Title 1.

32 (2) Any appropriation made to the Teachers’ Retirement Fund  
33 or to the Public Employees’ Retirement Fund except those  
34 appropriations for reimbursable state mandates imposed on or  
35 before January 1, 1988.

36 (3) Any appropriation made to service any public debt approved  
37 by the voters of this state.

38 (4) With the exception of the programs identified in paragraph  
39 (1), commencing with the 2011–12 fiscal year, any funds  
40 appropriated for the Child Care and Development Services Act,

1 pursuant to Chapter 2 (commencing with Section 8200) of Part 6  
2 of Division 1 of Title 1.

3 (g) “Allocated local proceeds of taxes,” as used in paragraph  
4 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the  
5 California Constitution, means, for school districts as defined,  
6 those local revenues, except revenues identified pursuant to  
7 paragraph (5) of subdivision (i) of Section 42238.02, that are used  
8 to offset state aid for school districts in calculations performed  
9 pursuant to Sections 2575, 42238.02, and Chapter 7.2 (commencing  
10 with Section 56836) of Part 30 of Division 4.

11 (h) “Allocated local proceeds of taxes,” as used in paragraph  
12 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the  
13 California Constitution, means, for community college districts,  
14 those local revenues that are used to offset state aid for community  
15 college districts. In no event shall the revenues or receipts derived  
16 from student fees be considered “allocated local proceeds of taxes.”

17 (i) For purposes of calculating the 4-percent entitlement pursuant  
18 to subdivision (a) of Section 8.5 of Article XVI of the California  
19 Constitution, “the total amount required pursuant to Section 8(b)”  
20 shall mean the General Fund aid required for schools pursuant to  
21 subdivision (b) of Section 8 of Article XVI of the California  
22 Constitution, and shall not include allocated local proceeds of  
23 taxes.

24 (j) This section shall become operative on July 1, 2014.

25 SEC. 23. Section 42127 of the Education Code is amended to  
26 read:

27 42127. (a) On or before July 1 of each year, the governing  
28 board of each school district shall accomplish the following:

29 (1) Hold a public hearing on the budget to be adopted for the  
30 subsequent fiscal year. The budget to be adopted shall be prepared  
31 in accordance with Section 42126. The agenda for that hearing  
32 shall be posted at least 72 hours before the public hearing and shall  
33 include the location where the budget will be available for public  
34 inspection.

35 (A) For the 2011–12 fiscal year, notwithstanding any of the  
36 standards and criteria adopted by the state board pursuant to Section  
37 33127, each school district budget shall project the same level of  
38 revenue per unit of average daily attendance as it received in the  
39 2010–11 fiscal year and shall maintain staffing and program levels  
40 commensurate with that level.

1 (B) For the 2011–12 fiscal year, the school district shall not be  
2 required to demonstrate that it is able to meet its financial  
3 obligations for the two subsequent fiscal years.

4 (2) Adopt a budget. Not later than five days after that adoption  
5 or by July 1, whichever occurs first, the governing board of the  
6 school district shall file that budget with the county superintendent  
7 of schools. That budget and supporting data shall be maintained  
8 and made available for public review. If the governing board of  
9 the school district does not want all or a portion of the property  
10 tax requirement levied for the purpose of making payments for the  
11 interest and redemption charges on indebtedness as described in  
12 paragraph (1) or (2) of subdivision (b) of Section 1 of Article  
13 XIII A of the California Constitution, the budget shall include a  
14 statement of the amount or portion for which a levy shall not be  
15 made.

16 (b) The county superintendent of schools may accept changes  
17 in any statement included in the budget, pursuant to subdivision  
18 (a), of the amount or portion for which a property tax levy shall  
19 not be made. The county superintendent of schools or the county  
20 auditor shall compute the actual amounts to be levied on the  
21 property tax rolls of the school district for purposes that exceed  
22 apportionments to the school district pursuant to Chapter 6  
23 (commencing with Section 95) of Part 0.5 of Division 1 of the  
24 Revenue and Taxation Code. Each school district shall provide all  
25 data needed by the county superintendent of schools or the county  
26 auditor to compute the amounts. On or before August 15, the  
27 county superintendent of schools shall transmit the amounts  
28 computed to the county auditor who shall compute the tax rates  
29 necessary to produce the amounts. On or before September 1, the  
30 county auditor shall submit the rate computed to the board of  
31 supervisors for adoption.

32 (c) The county superintendent of schools shall do all of the  
33 following:

34 (1) Examine the adopted budget to determine whether it  
35 complies with the standards and criteria adopted by the state board  
36 pursuant to Section 33127 for application to final local educational  
37 agency budgets. The county superintendent of schools shall  
38 identify, if necessary, technical corrections that are required to be  
39 made to bring the budget into compliance with those standards  
40 and criteria.



(2) Determine whether the adopted budget will allow the school district to meet its financial obligations during the fiscal year and is consistent with a financial plan that will enable the school district to satisfy its multiyear financial commitments. In addition to his or her own analysis of the budget of each school district, the county superintendent of schools shall review and consider studies, reports, evaluations, or audits of the school district that were commissioned by the school district, the county superintendent of schools, the Superintendent, and state control agencies and that contain evidence that the school district is showing fiscal distress under the standards and criteria adopted in Section 33127 or that contain a finding by an external reviewer that more than 3 of the 15 most common predictors of a school district needing intervention, as determined by the County Office Fiscal Crisis and Management Assistance Team, are present. The county superintendent of schools shall either conditionally approve or disapprove a budget that does not provide adequate assurance that the school district will meet its current and future obligations and resolve any problems identified in studies, reports, evaluations, or audits described in this paragraph.

(d) On or before August 15, the county superintendent of schools shall approve, conditionally approve, or disapprove the adopted budget for each school district. If a school district does not submit a budget to the county superintendent of schools, the county superintendent of schools shall develop, at school district expense, a budget for that school district by September 15 and transmit that budget to the governing board of the school district. The budget prepared by the county superintendent of schools shall be deemed adopted, unless the county superintendent of schools approves any modifications made by the governing board of the school district. The approved budget shall be used as a guide for the school district's priorities. The Superintendent shall review and certify the budget approved by the county. If, pursuant to the review conducted pursuant to subdivision (c), the county superintendent of schools determines that the adopted budget for a school district does not satisfy paragraph (1) or (2) of that subdivision, he or she shall conditionally approve or disapprove the budget and, not later than August 15, transmit to the governing board of the school district, in writing, his or her recommendations regarding revision of the budget and the reasons for those recommendations,

1 including, but not limited to, the amounts of any budget  
2 adjustments needed before he or she can approve that budget. The  
3 county superintendent of schools may assign a fiscal adviser to  
4 assist the school district to develop a budget in compliance with  
5 those revisions. In addition, the county superintendent of schools  
6 may appoint a committee to examine and comment on the  
7 superintendent's review and recommendations, subject to the  
8 requirement that the committee report its findings to the county  
9 superintendent of schools no later than August 20. For the 2011–12  
10 fiscal year, notwithstanding any of the standards and criteria  
11 adopted by the state board pursuant to Section 33127, the county  
12 superintendent of schools, as a condition on approval of a school  
13 district budget, shall not require a school district to project a lower  
14 level of revenue per unit of average daily attendance than it  
15 received in the 2010–11 fiscal year nor require the school district  
16 to demonstrate that it is able to meet its financial obligations for  
17 the two subsequent fiscal years.

18 (e) On or before September 8, the governing board of the school  
19 district shall revise the adopted budget to reflect changes in  
20 projected income or expenditures subsequent to July 1, and to  
21 include any response to the recommendations of the county  
22 superintendent of schools, shall adopt the revised budget, and shall  
23 file the revised budget with the county superintendent of schools.  
24 Before revising the budget, the governing board of the school  
25 district shall hold a public hearing regarding the proposed revisions,  
26 to be conducted in accordance with Section 42103. In addition, if  
27 the adopted budget is disapproved pursuant to subdivision (d), the  
28 governing board of the school district and the county  
29 superintendent of schools shall review the disapproval and the  
30 recommendations of the county superintendent of schools regarding  
31 revision of the budget at the public hearing. The revised budget  
32 and supporting data shall be maintained and made available for  
33 public review.

34 (1) For the 2011–12 fiscal year, notwithstanding any of the  
35 standards and criteria adopted by the state board pursuant to Section  
36 33127, each school district budget shall project the same level of  
37 revenue per unit of average daily attendance as it received in the  
38 2010–11 fiscal year and shall maintain staffing and program levels  
39 commensurate with that level.

1 (2) For the 2011–12 fiscal year, the school district shall not be  
2 required to demonstrate that it is able to meet its financial  
3 obligations for the two subsequent fiscal years.

4 (f) On or before September 22, the county superintendent of  
5 schools shall provide a list to the Superintendent identifying all  
6 school districts for which budgets may be disapproved.

7 (g) The county superintendent of schools shall examine the  
8 revised budget to determine whether it (1) complies with the  
9 standards and criteria adopted by the state board pursuant to Section  
10 33127 for application to final local educational agency budgets,  
11 (2) allows the school district to meet its financial obligations during  
12 the fiscal year, (3) satisfies all conditions established by the county  
13 superintendent of schools in the case of a conditionally approved  
14 budget, and (4) is consistent with a financial plan that will enable  
15 the school district to satisfy its multiyear financial commitments,  
16 and, not later than October 8, shall approve or disapprove the  
17 revised budget. If the county superintendent of schools disapproves  
18 the budget, he or she shall call for the formation of a budget review  
19 committee pursuant to Section 42127.1, unless the governing board  
20 of the school district and the county superintendent of schools  
21 agree to waive the requirement that a budget review committee be  
22 formed and the department approves the waiver after determining  
23 that a budget review committee is not necessary. Upon the grant  
24 of a waiver, the county superintendent of schools immediately has  
25 the authority and responsibility provided in Section 42127.3. Upon  
26 approving a waiver of the budget review committee, the department  
27 shall ensure that a balanced budget is adopted for the school district  
28 by November 30. If no budget is adopted by November 30, the  
29 Superintendent may adopt a budget for the school district. The  
30 Superintendent shall report to the Legislature and the Director of  
31 Finance by December 10 if any school district, including a school  
32 district that has received a waiver of the budget review committee  
33 process, does not have an adopted budget by November 30. This  
34 report shall include the reasons why a budget has not been adopted  
35 by the deadline, the steps being taken to finalize budget adoption,  
36 the date the adopted budget is anticipated, and whether the  
37 Superintendent has or will exercise his or her authority to adopt a  
38 budget for the school district. For the 2011–12 fiscal year,  
39 notwithstanding any of the standards and criteria adopted by the  
40 state board pursuant to Section 33127, the county superintendent

1 of schools, as a condition on approval of a school district budget,  
2 shall not require a school district to project a lower level of revenue  
3 per unit of average daily attendance than it received in the 2010–11  
4 fiscal year nor require the school district to demonstrate that it is  
5 able to meet its financial obligations for the two subsequent fiscal  
6 years.

7 (h) Not later than October 8, the county superintendent of  
8 schools shall submit a report to the Superintendent identifying all  
9 school districts for which budgets have been disapproved or budget  
10 review committees waived. The report shall include a copy of the  
11 written response transmitted to each of those school districts  
12 pursuant to subdivision (d).

13 (i) Notwithstanding any other provision of this section, the  
14 budget review for a school district shall be governed by paragraphs  
15 (1), (2), and (3), rather than by subdivisions (e) and (g), if the  
16 governing board of the school district so elects and notifies the  
17 county superintendent of schools in writing of that decision, not  
18 later than October 31 of the immediately preceding calendar year.  
19 On or before July 1, the governing board of a school district for  
20 which the budget review is governed by this subdivision, rather  
21 than by subdivisions (e) and (g), shall conduct a public hearing  
22 regarding its proposed budget in accordance with Section 42103.

23 (1) If the adopted budget of a school district is disapproved  
24 pursuant to subdivision (d), on or before September 8, the  
25 governing board of the school district, in conjunction with the  
26 county superintendent of schools, shall review the superintendent's  
27 recommendations at a regular meeting of the governing board of  
28 the school district and respond to those recommendations. The  
29 response shall include any revisions to the adopted budget and  
30 other proposed actions to be taken, if any, as a result of those  
31 recommendations.

32 (2) On or before September 22, the county superintendent of  
33 schools shall provide a list to the Superintendent identifying all  
34 school districts for which a budget may be tentatively disapproved.

35 (3) Not later than October 8, after receiving the response  
36 required under paragraph (1), the county superintendent of schools  
37 shall review that response and either approve or disapprove the  
38 budget. If the county superintendent of schools disapproves the  
39 budget, he or she shall call for the formation of a budget review  
40 committee pursuant to Section 42127.1, unless the governing board

1 of the school district and the county superintendent of schools  
2 agree to waive the requirement that a budget review committee be  
3 formed and the department approves the waiver after determining  
4 that a budget review committee is not necessary. Upon the grant  
5 of a waiver, the county superintendent has the authority and  
6 responsibility provided to a budget review committee in Section  
7 42127.3. Upon approving a waiver of the budget review committee,  
8 the department shall ensure that a balanced budget is adopted for  
9 the school district by November 30. The Superintendent shall  
10 report to the Legislature and the Director of Finance by December  
11 10 if any school district, including a school district that has received  
12 a waiver of the budget review committee process, does not have  
13 an adopted budget by November 30. This report shall include the  
14 reasons why a budget has not been adopted by the deadline, the  
15 steps being taken to finalize budget adoption, and the date the  
16 adopted budget is anticipated. For the 2011–12 fiscal year,  
17 notwithstanding any of the standards and criteria adopted by the  
18 state board pursuant to Section 33127, the county superintendent  
19 of schools, as a condition on approval of a school district budget,  
20 shall not require a school district to project a lower level of revenue  
21 per unit of average daily attendance than it received in the 2010–11  
22 fiscal year nor require the school district to demonstrate that it is  
23 able to meet its financial obligations for the two subsequent fiscal  
24 years.

25 (4) Not later than 45 days after the Governor signs the annual  
26 Budget Act, the school district shall make available for public  
27 review any revisions in revenues and expenditures that it has made  
28 to its budget to reflect the funding made available by that Budget  
29 Act.

30 (j) Any school district for which the county board of education  
31 serves as the governing board of the school district is not subject  
32 to subdivisions (c) to (h), inclusive, but is governed instead by the  
33 budget procedures set forth in Section 1622.

34 (k) This section shall become inoperative on July 1, 2014, and,  
35 as of January 1, 2015, is repealed, unless a later enacted statute,  
36 that becomes operative on or before January 1, 2015, deletes or  
37 extends the dates on which it becomes inoperative and is repealed.

38 SEC. 24. Section 42127 is added to the Education Code, to  
39 read:

1 42127. (a) On or before July 1 of each year, the governing  
2 board of each school district shall accomplish the following:

3 (1) Hold a public hearing on the budget to be adopted for the  
4 subsequent fiscal year. The budget to be adopted shall be prepared  
5 in accordance with Section 42126. The agenda for that hearing  
6 shall be posted at least 72 hours before the public hearing and shall  
7 include the location where the budget will be available for public  
8 inspection.

9 (A) For the 2011–12 fiscal year, notwithstanding any of the  
10 standards and criteria adopted by the state board pursuant to Section  
11 33127, each school district budget shall project the same level of  
12 revenue per unit of average daily attendance as it received in the  
13 2010–11 fiscal year and shall maintain staffing and program levels  
14 commensurate with that level.

15 (B) For the 2011–12 fiscal year, the school district shall not be  
16 required to demonstrate that it is able to meet its financial  
17 obligations for the two subsequent fiscal years.

18 (2) Adopt a budget and take action on a local control and  
19 accountability plan pursuant to Sections 52060 and 52064. Not  
20 later than five days after that adoption or by July 1, whichever  
21 occurs first, the governing board of the school district shall file  
22 that budget with the county superintendent of schools. The budget,  
23 the local control and accountability plan, and supporting data shall  
24 be maintained and made available for public review. If the  
25 governing board of the school district does not want all or a portion  
26 of the property tax requirement levied for the purpose of making  
27 payments for the interest and redemption charges on indebtedness  
28 as described in paragraph (1) or (2) of subdivision (b) of Section  
29 1 of Article XIII A of the California Constitution, the budget shall  
30 include a statement of the amount or portion for which a levy shall  
31 not be made. For the 2015–16 fiscal year and each fiscal year  
32 thereafter, the governing board of the school district shall not adopt  
33 a budget before the governing board of the school district adopts  
34 a local control and accountability plan or approves an update to  
35 an existing local control and accountability plan pursuant to  
36 Sections 52060 and 52064. The governing board of a school district  
37 shall not adopt a budget that does not align with the local control  
38 and accountability plan that applies to the subsequent fiscal year.

39 (b) The county superintendent of schools may accept changes  
40 in any statement included in the budget, pursuant to subdivision

1 (a), of the amount or portion for which a property tax levy shall  
2 not be made. The county superintendent of schools or the county  
3 auditor shall compute the actual amounts to be levied on the  
4 property tax rolls of the school district for purposes that exceed  
5 apportionments to the school district pursuant to Chapter 6  
6 (commencing with Section 95) of Part 0.5 of Division 1 of the  
7 Revenue and Taxation Code. Each school district shall provide all  
8 data needed by the county superintendent of schools or the county  
9 auditor to compute the amounts. On or before August 15, the  
10 county superintendent of schools shall transmit the amounts  
11 computed to the county auditor who shall compute the tax rates  
12 necessary to produce the amounts. On or before September 1, the  
13 county auditor shall submit the rate computed to the board of  
14 supervisors for adoption.

15 (c) The county superintendent of schools shall do all of the  
16 following:

17 (1) Examine the adopted budget to determine whether it  
18 complies with the standards and criteria adopted by the state board  
19 pursuant to Section 33127 for application to final local educational  
20 agency budgets. The county superintendent of schools shall  
21 identify, if necessary, technical corrections that are required to be  
22 made to bring the budget into compliance with those standards  
23 and criteria.

24 (2) Determine whether the adopted budget will allow the school  
25 district to meet its financial obligations during the fiscal year and  
26 is consistent with a financial plan that will enable the school district  
27 to satisfy its multiyear financial commitments. In addition to his  
28 or her own analysis of the budget of each school district, the county  
29 superintendent of schools shall review and consider studies, reports,  
30 evaluations, or audits of the school district that were commissioned  
31 by the school district, the county superintendent of schools, the  
32 Superintendent, and state control agencies and that contain  
33 evidence that the school district is showing fiscal distress under  
34 the standards and criteria adopted in Section 33127 or that contain  
35 a finding by an external reviewer that more than 3 of the 15 most  
36 common predictors of a school district needing intervention, as  
37 determined by the County Office Fiscal Crisis and Management  
38 Assistance Team, are present. The county superintendent of schools  
39 shall either conditionally approve or disapprove a budget that does  
40 not provide adequate assurance that the school district will meet

1 its current and future obligations and resolve any problems  
2 identified in studies, reports, evaluations, or audits described in  
3 this paragraph.

4 (3) Determine whether the adopted budget will allow the school  
5 district to implement the specific actions and strategies included  
6 in the local control and accountability plan adopted by the  
7 governing board of the school district pursuant to ~~Section~~ Sections  
8 52060 and 52064.

9 (d) On or before August 15, the county superintendent of schools  
10 shall approve, conditionally approve, or disapprove the adopted  
11 budget for each school district. For the 2015–16 fiscal year and  
12 each fiscal year thereafter, the county superintendent of schools  
13 shall disapprove a budget if a school district does not file a local  
14 control and accountability plan with the county superintendent of  
15 schools, if the Superintendent determines that a local control and  
16 accountability plan filed does not adhere to the template adopted  
17 by the state board pursuant to Section 52066 or does not include  
18 all of the components identified in subdivision (a) of Section  
19 52064, or if the county superintendent of schools determines that  
20 the expenditures included in the budget do not reflect the costs  
21 necessary to implement the local control and accountability plan.  
22 If a school district does not submit a budget to the county  
23 superintendent of schools, the county superintendent of schools  
24 shall develop, at school district expense, a budget for that school  
25 district by September 15 and transmit that budget to the governing  
26 board of the school district. The budget prepared by the county  
27 superintendent of schools shall be deemed adopted, unless the  
28 county superintendent of schools approves any modifications made  
29 by the governing board of the school district. The approved budget  
30 shall be used as a guide for the school district's priorities. The  
31 Superintendent shall review and certify the budget approved by  
32 the county. If, pursuant to the review conducted pursuant to  
33 subdivision (c), the county superintendent of schools determines  
34 that the adopted budget for a school district does not satisfy  
35 paragraph (1) or (2) of that subdivision, he or she shall  
36 conditionally approve or disapprove the budget and, not later than  
37 August 15, transmit to the governing board of the school district,  
38 in writing, his or her recommendations regarding revision of the  
39 budget and the reasons for those recommendations, including, but  
40 not limited to, the amounts of any budget adjustments needed



1 before he or she can approve that budget. The county  
2 superintendent of schools may assign a fiscal adviser to assist the  
3 school district to develop a budget in compliance with those  
4 revisions. In addition, the county superintendent of schools may  
5 appoint a committee to examine and comment on the  
6 superintendent's review and recommendations, subject to the  
7 requirement that the committee report its findings to the county  
8 superintendent of schools no later than August 20. For the 2011–12  
9 fiscal year, notwithstanding any of the standards and criteria  
10 adopted by the state board pursuant to Section 33127, the county  
11 superintendent of schools, as a condition on approval of a school  
12 district budget, shall not require a school district to project a lower  
13 level of revenue per unit of average daily attendance than it  
14 received in the 2010–11 fiscal year nor require the school district  
15 to demonstrate that it is able to meet its financial obligations for  
16 the two subsequent fiscal years.

17 (e) On or before September 8, the governing board of the school  
18 district shall revise the adopted budget to reflect changes in  
19 projected income or expenditures subsequent to July 1, and to  
20 include any response to the recommendations of the county  
21 superintendent of schools, shall adopt the revised budget, and shall  
22 file the revised budget with the county superintendent of schools.  
23 Before revising the budget, the governing board of the school  
24 district shall hold a public hearing regarding the proposed revisions,  
25 to be conducted in accordance with Section 42103. In addition, if  
26 the adopted budget is disapproved pursuant to subdivision (d), the  
27 governing board of the school district and the county  
28 superintendent of schools shall review the disapproval and the  
29 recommendations of the county superintendent of schools regarding  
30 revision of the budget at the public hearing. The revised budget  
31 and supporting data shall be maintained and made available for  
32 public review.

33 (1) For the 2011–12 fiscal year, notwithstanding any of the  
34 standards and criteria adopted by the state board pursuant to Section  
35 33127, each school district budget shall project the same level of  
36 revenue per unit of average daily attendance as it received in the  
37 2010–11 fiscal year and shall maintain staffing and program levels  
38 commensurate with that level.

1 (2) For the 2011–12 fiscal year, the school district shall not be  
2 required to demonstrate that it is able to meet its financial  
3 obligations for the two subsequent fiscal years.

4 (f) On or before September 22, the county superintendent of  
5 schools shall provide a list to the Superintendent identifying all  
6 school districts for which budgets may be disapproved.

7 (g) The county superintendent of schools shall examine the  
8 revised budget to determine whether it (1) complies with the  
9 standards and criteria adopted by the state board pursuant to Section  
10 33127 for application to final local educational agency budgets,  
11 (2) allows the school district to meet its financial obligations during  
12 the fiscal year, (3) satisfies all conditions established by the county  
13 superintendent of schools in the case of a conditionally approved  
14 budget, and (4) is consistent with a financial plan that will enable  
15 the school district to satisfy its multiyear financial commitments,  
16 and, not later than October 8, shall approve or disapprove the  
17 revised budget. If the county superintendent of schools disapproves  
18 the budget, he or she shall call for the formation of a budget review  
19 committee pursuant to Section 42127.1, unless the governing board  
20 of the school district and the county superintendent of schools  
21 agree to waive the requirement that a budget review committee be  
22 formed and the department approves the waiver after determining  
23 that a budget review committee is not necessary. Upon the grant  
24 of a waiver, the county superintendent of schools immediately has  
25 the authority and responsibility provided in Section 42127.3. Upon  
26 approving a waiver of the budget review committee, the department  
27 shall ensure that a balanced budget is adopted for the school district  
28 by November 30. If no budget is adopted by November 30, the  
29 Superintendent may adopt a budget for the school district. The  
30 Superintendent shall report to the Legislature and the Director of  
31 Finance by December 10 if any school district, including a school  
32 district that has received a waiver of the budget review committee  
33 process, does not have an adopted budget by November 30. This  
34 report shall include the reasons why a budget has not been adopted  
35 by the deadline, the steps being taken to finalize budget adoption,  
36 the date the adopted budget is anticipated, and whether the  
37 Superintendent has or will exercise his or her authority to adopt a  
38 budget for the school district. For the 2011–12 fiscal year,  
39 notwithstanding any of the standards and criteria adopted by the  
40 state board pursuant to Section 33127, the county superintendent

1 of schools, as a condition on approval of a school district budget,  
2 shall not require a school district to project a lower level of revenue  
3 per unit of average daily attendance than it received in the 2010–11  
4 fiscal year nor require the school district to demonstrate that it is  
5 able to meet its financial obligations for the two subsequent fiscal  
6 years.

7 (h) Not later than October 8, the county superintendent of  
8 schools shall submit a report to the Superintendent identifying all  
9 school districts for which budgets have been disapproved or budget  
10 review committees waived. The report shall include a copy of the  
11 written response transmitted to each of those school districts  
12 pursuant to subdivision (d).

13 (i) Notwithstanding any other provision of this section, the  
14 budget review for a school district shall be governed by paragraphs  
15 (1), (2), and (3), rather than by subdivisions (e) and (g), if the  
16 governing board of the school district so elects and notifies the  
17 county superintendent of schools in writing of that decision, not  
18 later than October 31 of the immediately preceding calendar year.  
19 On or before July 1, the governing board of a school district for  
20 which the budget review is governed by this subdivision, rather  
21 than by subdivisions (e) and (g), shall conduct a public hearing  
22 regarding its proposed budget in accordance with Section 42103.

23 (1) If the adopted budget of a school district is disapproved  
24 pursuant to subdivision (d), on or before September 8, the  
25 governing board of the school district, in conjunction with the  
26 county superintendent of schools, shall review the superintendent's  
27 recommendations at a regular meeting of the governing board of  
28 the school district and respond to those recommendations. The  
29 response shall include any revisions to the adopted budget and  
30 other proposed actions to be taken, if any, as a result of those  
31 recommendations.

32 (2) On or before September 22, the county superintendent of  
33 schools shall provide a list to the Superintendent identifying all  
34 school districts for which a budget may be tentatively disapproved.

35 (3) Not later than October 8, after receiving the response  
36 required under paragraph (1), the county superintendent of schools  
37 shall review that response and either approve or disapprove the  
38 budget. If the county superintendent of schools disapproves the  
39 budget, he or she shall call for the formation of a budget review  
40 committee pursuant to Section 42127.1, unless the governing board

1 of the school district and the county superintendent of schools  
2 agree to waive the requirement that a budget review committee be  
3 formed and the department approves the waiver after determining  
4 that a budget review committee is not necessary. Upon the grant  
5 of a waiver, the county superintendent has the authority and  
6 responsibility provided to a budget review committee in Section  
7 42127.3. Upon approving a waiver of the budget review committee,  
8 the department shall ensure that a balanced budget is adopted for  
9 the school district by November 30. The Superintendent shall  
10 report to the Legislature and the Director of Finance by December  
11 10 if any school district, including a school district that has received  
12 a waiver of the budget review committee process, does not have  
13 an adopted budget by November 30. This report shall include the  
14 reasons why a budget has not been adopted by the deadline, the  
15 steps being taken to finalize budget adoption, and the date the  
16 adopted budget is anticipated. For the 2011–12 fiscal year,  
17 notwithstanding any of the standards and criteria adopted by the  
18 state board pursuant to Section 33127, the county superintendent  
19 of schools, as a condition on approval of a school district budget,  
20 shall not require a school district to project a lower level of revenue  
21 per unit of average daily attendance than it received in the 2010–11  
22 fiscal year nor require the school district to demonstrate that it is  
23 able to meet its financial obligations for the two subsequent fiscal  
24 years.

25 (4) Not later than 45 days after the Governor signs the annual  
26 Budget Act, the school district shall make available for public  
27 review any revisions in revenues and expenditures that it has made  
28 to its budget to reflect the funding made available by that Budget  
29 Act.

30 (j) Any school district for which the county board of education  
31 serves as the governing board of the school district is not subject  
32 to subdivisions (c) to (h), inclusive, but is governed instead by the  
33 budget procedures set forth in Section 1622.

34 (k) This section shall become operative on July 1, 2014.

35 SEC. 25. Section 42238 of the Education Code is amended to  
36 read:

37 42238. (a) For the 1984–85 fiscal year and each fiscal year  
38 thereafter, the county superintendent of schools shall determine a  
39 revenue limit for each school district in the county pursuant to this  
40 section.

(b) The base revenue limit for a fiscal year shall be determined by adding to the base revenue limit for the prior fiscal year the following amounts:

(1) The inflation adjustment specified in Section 42238.1.

(2) For the 1995–96 fiscal year, the equalization adjustment specified in Section 42238.4.

(3) For the 1996–97 fiscal year, the equalization adjustments specified in Sections 42238.41, 42238.42, and 42238.43.

(4) For the 1985–86 fiscal year, the amount per unit of average daily attendance received in the 1984–85 fiscal year pursuant to Section 42238.7.

(5) For the 1985–86, 1986–87, and 1987–88 fiscal years, the amount per unit of average daily attendance received in the prior fiscal year pursuant to Section 42238.8.

(6) For the 2004–05 fiscal year, the equalization adjustment specified in Section 42238.44.

(7) For the 2006–07 fiscal year, the equalization adjustment specified in Section 42238.48.

(8) For the 2011–12 fiscal year, the equalization adjustment specified in Section 42238.49.

(c) (1) (A) For the 2010–11 fiscal year, the Superintendent shall compute an add-on for each school district by adding the inflation adjustment specified in Section 42238.1 to the adjustment specified in Section 42238.485.

(B) For the 2011–12 fiscal year and each fiscal year thereafter, the Superintendent shall compute an add-on for each school district by adding the inflation adjustment specified in Section 42238.1 to the amount computed pursuant to this paragraph for the prior fiscal year.

(2) Commencing with the 2010–11 fiscal year, the Superintendent shall compute an add-on for each school district by dividing each school district’s fiscal year average daily attendance computed pursuant to Section 42238.5 by the total adjustments in funding for each district made for the 2007–08 fiscal year pursuant to Section 42238.22 as it read on January 1, 2009.

(d) The sum of the base revenue limit computed pursuant to subdivision (b) and the add-on computed pursuant to subdivision (c) shall be multiplied by the district average daily attendance computed pursuant to Section 42238.5.

(e) For districts electing to compute units of average daily attendance pursuant to paragraph (2) of subdivision (a) of Section 42238.5, the amount computed pursuant to Article 4 (commencing with Section 42280) shall be added to the amount computed in subdivision (c) or (d), as appropriate.

(f) For the 1984–85 fiscal year only, the county superintendent shall reduce the total revenue limit computed in this section by the amount of the decreased employer contributions to the Public Employees’ Retirement System resulting from enactment of Chapter 330 of the Statutes of 1982, offset by any increase in those contributions, as of the 1983–84 fiscal year, resulting from subsequent changes in employer contribution rates.

(g) The reduction required by subdivision (f) shall be calculated as follows:

(1) Determine the amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees’ Retirement System employer contribution rate in effect immediately before the enactment of Chapter 330 of the Statutes of 1982 was in effect during the 1983–84 fiscal year.

(2) Subtract from the amount determined in paragraph (1) the greater of subparagraph (A) or (B):

(A) The amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees’ Retirement System employer contribution rate in effect immediately after the enactment of Chapter 330 of the Statutes of 1982 was in effect during the 1983–84 fiscal year.

(B) The actual amount of employer contributions made to the Public Employees’ Retirement System in the 1983–84 fiscal year.

(3) For purposes of this subdivision, employer contributions to the Public Employees’ Retirement System for either of the following shall be excluded from the calculation specified above:

(A) Positions supported totally by federal funds that were subject to supplanting restrictions.

(B) Positions supported, to the extent of employer contributions not exceeding twenty-five thousand dollars (\$25,000) by a single educational agency, from a revenue source determined on the basis of equity to be properly excludable from the provisions of this subdivision by the Superintendent with the approval of the Director of Finance.

1 (4) For accounting purposes, the reduction made by this  
2 subdivision may be reflected as an expenditure from appropriate  
3 sources of revenue as directed by the Superintendent.

4 (h) The Superintendent shall apportion to each school district  
5 the amount determined in this section less the sum of:

6 (1) The district's property tax revenue received pursuant to  
7 Chapter 3.5 (commencing with Section 75) and Chapter 6  
8 (commencing with Section 95) of Part 0.5 of Division 1 of the  
9 Revenue and Taxation Code.

10 (2) The amount, if any, received pursuant to Part 18.5  
11 (commencing with Section 38101) of Division 2 of the Revenue  
12 and Taxation Code.

13 (3) The amount, if any, received pursuant to Chapter 3  
14 (commencing with Section 16140) of Part 1 of Division 4 of Title  
15 2 of the Government Code.

16 (4) Prior years' taxes and taxes on the unsecured roll.

17 (5) Fifty percent of the amount received pursuant to Section  
18 41603.

19 (6) (A) The amount, if any, received pursuant to the Community  
20 Redevelopment Law (Part 1 (commencing with Section 33000)  
21 of Division 24 of the Health and Safety Code), except for any  
22 amount received pursuant to Section 33401 or 33676 of the Health  
23 and Safety Code that is used for land acquisition, facility  
24 construction, reconstruction, or remodeling, or deferred  
25 maintenance, except for any amount received pursuant to Section  
26 33492.15 of, paragraph (4) of subdivision (a) of Section 33607.5  
27 of, or Section 33607.7 of, the Health and Safety Code that is  
28 allocated exclusively for educational facilities.

29 (B) The amount, if any, received pursuant to Sections 34177,  
30 34179.5, 34179.6, and 34188 of the Health and Safety Code.

31 (C) The amount, if any, received pursuant to subparagraph (B)  
32 of paragraph (3) of subdivision (e) of Section 36 of Article XIII  
33 of the California Constitution.

34 (7) For a unified school district, other than a unified school  
35 district that has converted all of its schools to charter status  
36 pursuant to Section 47606, the amount of statewide average  
37 general-purpose funding per unit of average daily attendance  
38 received by school districts for each of four grade level ranges, as  
39 computed by the department pursuant to Section 47633, multiplied  
40 by the average daily attendance, in corresponding grade level

1 ranges, of any pupils who attend charter schools funded pursuant  
2 to Chapter 6 (commencing with Section 47630) of Part 26.8 of  
3 Division 4 for which the school district is the sponsoring local  
4 educational agency, as defined in Section 47632, and who reside  
5 in and would otherwise have been eligible to attend a noncharter  
6 school of the school district.

7 (i) A transfer of pupils of grades 7 and 8 between an elementary  
8 school district and a high school district shall not result in the  
9 receiving school district receiving a revenue limit apportionment  
10 for those pupils that exceeds 105 percent of the statewide average  
11 revenue limit for the type and size of the receiving school district.

12 (j) This section shall become inoperative on July 1, 2014, and,  
13 as of January 1, 2015, is repealed, unless a later enacted statute,  
14 that becomes operative on or before January 1, 2015, deletes or  
15 extends the dates on which it becomes inoperative and is repealed.

16 SEC. 26. Section 42238.01 is added to the Education Code, to  
17 read:

18 42238.01. It is the intent of the Legislature to do all of the  
19 following:

20 (a) Phase in implementation of the local control funding formula,  
21 as specified in ~~AB~~ *Assembly Bill* 88 of the 2013–14 Regular  
22 Session, as amended April 3, 2013, in a manner and on a timeline  
23 that allows the state to restore local educational agency funding  
24 levels to those that existed before state budget cuts that were  
25 imposed starting in the 2008–09 fiscal year.

26 (b) Redirect the dollar amounts that have been proposed for  
27 concentration grants to instead increase both base grants and  
28 supplemental grants, in proportions to be determined.

29 (c) Require that the adjustment for grades 9 to 12, inclusive, as  
30 described in paragraph (4) of subdivision (d) of Section 42238.02  
31 be spent on programs that prepare pupils for college and career.  
32 It is further the intent of the Legislature to consider other incentives  
33 for schools to continue successful career preparation programs,  
34 including the possible maintenance of existing categorical and  
35 competitive grant programs.

36 (d) Require that funds allocated based on the current  
37 home-to-school transportation formula be spent on home-to-school  
38 transportation. It is further the intent of the Legislature, as increased  
39 funding allows, to adjust those allocations across school districts



1 until all school districts are funded equitably, at a percentage of  
2 allowable costs to be determined.

3 (e) Consider remedies for other funding allocations that are  
4 distributed according to inequitable, historically based formulas.

5 (f) Provide some level of supplemental support for English  
6 learner pupils beyond the five-year limit proposed in paragraph  
7 (2) of subdivision (b) of Section 42238.02. It is further the intent  
8 of the Legislature to ensure greater transparency in the provision  
9 of instruction and services for English learner pupils, such that  
10 strong local- and state-level oversight and accountability are  
11 supported.

12 (g) This section shall become operative on July 1, 2014.

13 SEC. 27. Section 42238.02 is added to the Education Code, to  
14 read:

15 42238.02. (a) The amount computed pursuant to this section  
16 shall be known as the school district and charter school local  
17 control funding formula.

18 (b) (1) For purposes of this section, “unduplicated pupil” means  
19 a pupil enrolled in a school district or a charter school who is either  
20 classified as an English learner pursuant to Section 52164, as that  
21 section read on January 1, 2014, eligible to receive a free or  
22 reduced-price meal pursuant to Section 49552, as that section read  
23 on January 1, 2014, or is a foster youth pursuant to Sections 300  
24 and 601 of the Welfare and Institutions Code. A pupil shall be  
25 counted only once for purposes of this section if any of the  
26 following apply:

27 (A) The pupil is classified as an English learner and is eligible  
28 for a free or reduced-price meal.

29 (B) The pupil is classified as an English learner and is a foster  
30 youth.

31 (C) The pupil is classified as a foster youth and is eligible for  
32 a free or reduced-price meal.

33 (D) The pupil is classified as an English learner, is eligible for  
34 a free or reduced-price meal, and is a foster youth.

35 (2) Commencing with the 2014–15 fiscal year, a school district  
36 or charter school shall annually report its enrolled unduplicated  
37 pupil, free and reduced-price meal eligibility, foster youth, and  
38 English learner pupil counts to the Superintendent.

39 (3) Commencing with the 2014–15 fiscal year, a county office  
40 of education shall review and validate reported English learner,

1 foster youth, and free or reduced-price meal eligible pupil data for  
2 school districts and charter schools under their jurisdiction to  
3 ensure the data is reported accurately.

4 (4) The counts of unduplicated pupils shall be derived by the  
5 Superintendent using the California Longitudinal Pupil  
6 Achievement Data System.

7 (5) The Superintendent shall calculate the percentage of  
8 unduplicated pupils for each school district and charter school by  
9 dividing the enrollment of unduplicated pupils in a school district  
10 or charter school by the total enrollment in that school district or  
11 charter school.

12 (c) Commencing with the 2014–15 fiscal year and each fiscal  
13 year thereafter, the Superintendent shall annually calculate a local  
14 control funding formula grant for each school district and charter  
15 school in the state pursuant to this section.

16 (d) The Superintendent shall compute a grade span adjusted  
17 base grant equal to the total of the following amounts:

18 (1) For the 2014–15 fiscal year, a base grant of:

19 (A) ~~Eight thousand three hundred sixty-eight~~ dollars  
20 ~~(\$ )~~ (\$8,368) for average daily attendance in grades 9 to 12,  
21 inclusive.

22 (B) ~~Seven thousand two hundred twenty-one~~ dollars  
23 ~~(\$ )~~ (\$7,221) for average daily attendance in grades 7 and 8.

24 (C) ~~Seven thousand thirteen~~ dollars ~~(\$ )~~ (\$7,013) for  
25 average daily attendance in grades 4 to 6, inclusive.

26 (D) ~~Six thousand nine hundred~~ dollars ~~(\$ )~~ (\$6,910)  
27 for average daily attendance in kindergarten and grades 1 to 3,  
28 inclusive.

29 (2) In each year the grade span adjusted base grants in paragraph  
30 (1) shall be adjusted by the percentage change in the annual average  
31 value of the Implicit Price Deflator for State and Local Government  
32 Purchases of Goods and Services for the United States, as published  
33 by the United States Department of Commerce for the 12-month  
34 period ending in the third quarter of the prior fiscal year. This  
35 percentage change shall be determined using the latest data  
36 available as of May 10 of the preceding fiscal year compared with  
37 the annual average value of the same deflator for the 12-month  
38 period ending in the third quarter of the second preceding fiscal  
39 year, using the latest data available as of May 10 of the preceding  
40 fiscal year, as reported by the Department of Finance.

1 (3) (A) The Superintendent shall compute an additional  
2 adjustment to the kindergarten and grades 1 to 3, inclusive, base  
3 grant as adjusted for inflation pursuant to paragraph (2) equal to  
4 11.23 percent. The additional grant shall be calculated by  
5 multiplying the kindergarten and grades 1 to 3, inclusive, base  
6 grant as adjusted by paragraph (2) by 11.23 percent.

7 (B) Until paragraph (4) of subdivision (b) of Section 42238.03  
8 is effective, as a condition of the receipt of funds in this paragraph,  
9 a school district shall make progress toward maintaining an annual  
10 average class size of not more than 24 pupils for each classroom  
11 per schoolsite in kindergarten and grades 1 to 3, inclusive, unless  
12 a collectively bargained alternative annual average class size for  
13 each classroom per schoolsite in those grades is agreed to by the  
14 school district, pursuant to the following calculation:

15 (i) Determine a school district's annual average class size for  
16 each classroom per schoolsite for kindergarten and grades 1 to 3,  
17 inclusive, in the prior year. For the 2014–15 fiscal year, this amount  
18 shall be the annual average class size for each classroom per  
19 schoolsite for kindergarten and grades 1 to 3, inclusive, in the  
20 2013–14 fiscal year.

21 (ii) Determine a school district's percentage of total need  
22 pursuant to paragraph (2) of subdivision (b) of Section 42238.03.

23 (iii) Determine the percentage of the need calculated in clause  
24 (ii) that is met by funding provided to the school district pursuant  
25 to paragraph (3) of subdivision (b) of Section 42238.03.

26 (iv) Determine the difference between the amount computed  
27 pursuant to clause (i) and an annual average class size of not more  
28 than 24 pupils for each classroom per schoolsite.

29 (v) Calculate a current year annual average class size adjustment  
30 for each classroom per schoolsite for kindergarten and grades 1 to  
31 3, inclusive, equal to the adjustment calculated in clause (iv)  
32 multiplied by one minus the percentage determined pursuant to  
33 clause (iii).

34 (C) School districts that have an annual average class size for  
35 each classroom per schoolsite for kindergarten and grades 1 to 3,  
36 inclusive, of 24 pupils or less for each classroom per schoolsite in  
37 the 2013–14 fiscal year, shall be exempt from the requirements of  
38 subparagraph (B) so long as the school district continues to  
39 maintain an annual average class size for each classroom per  
40 schoolsite for kindergarten and grades 1 to 3, inclusive, of not

1 more than 24 pupils in each classroom, unless a collectively  
2 bargained alternative ratio is agreed to by the school district.

3 (D) Upon full implementation of the local control funding  
4 formula, as a condition of the receipt of funds in this paragraph,  
5 all school districts shall maintain an annual average class size for  
6 each classroom per schoolsite for kindergarten and grades 1 to 3,  
7 inclusive, of not more than 24 pupils for each classroom per  
8 schoolsite in kindergarten and grades 1 to 3, inclusive, unless a  
9 collectively bargained alternative ratio is agreed to by the school  
10 district.

11 (E) The annual average class size requirement for each  
12 classroom per schoolsite for kindergarten and grades 1 to 3,  
13 inclusive, established pursuant to this paragraph shall not be subject  
14 to waiver by the state board pursuant to Section 33050 or by the  
15 Superintendent.

16 (4) The Superintendent shall compute an additional adjustment  
17 to the base grant for grades 9 to 12, inclusive, as adjusted for  
18 inflation pursuant to paragraph (2), equal to 2.8 percent. The  
19 additional grant shall be calculated by multiplying the base grant  
20 for grades 9 to 12, inclusive, as adjusted by paragraph (2), by 2.8  
21 percent.

22 (e) The Superintendent shall compute a supplemental grant  
23 add-on equal to 35 percent of the base grants as specified in  
24 subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision  
25 (d), as adjusted by paragraph (2) of subdivision (d), for each school  
26 district or charter school percentage of unduplicated pupils. The  
27 supplemental grant shall be calculated by multiplying the base  
28 grants as specified in subparagraphs (A) to (D), inclusive, of  
29 paragraph (1), as adjusted by paragraph (2) of subdivision (d), by  
30 35 percent and by the percentage of unduplicated pupils in that  
31 school district or charter school.

32 (f) The Superintendent shall compute an add-on to the total sum  
33 of a school district's or charter school's base and supplemental  
34 grants equal to the amount of funding a school district or charter  
35 school received from funds allocated pursuant to the Targeted  
36 Instructional Improvement Block Grant program, as set forth in  
37 Article 6 (commencing with Section 41540) of Chapter 3.2, for  
38 the 2013–14 fiscal year, as that article read on January 1, 2014. A  
39 school district or charter school shall not receive a total funding  
40 amount from this add-on greater than the total amount of funding

1 received by the school district or charter school from that program  
2 in the 2013–14 fiscal year.

3 ~~(g) The Superintendent shall compute an add-on to the total~~  
4 ~~sum of a school district's or charter school's base and supplemental~~  
5 ~~grants equal to the amount of funding a school district or charter~~  
6 ~~school received from funds allocated pursuant to the~~  
7 ~~Home-to-School Transportation program, as set forth in former~~  
8 ~~Article 2 (commencing with Section 39820) of Chapter 1 of Part~~  
9 ~~23.5 and former Article 10 (commencing with Section 41850) of~~  
10 ~~Chapter 5, for the 2013–14 fiscal year. A school district or charter~~  
11 ~~school shall not receive a total funding amount from this add-on~~  
12 ~~greater than the total amount received by the school district or~~  
13 ~~charter school for that program in the 2013–14 fiscal year.~~

14 ~~(h)~~

15 (g) The sum of the local control funding formula rates computed  
16 pursuant to subdivisions (c) to (e), inclusive, shall be multiplied  
17 by:

18 (1) For school districts, the average daily attendance of the  
19 school district in the corresponding grade level ranges computed  
20 pursuant to Section 42238.05.

21 (2) For charter schools, the total current year average daily  
22 attendance in the corresponding grade level ranges.

23 ~~(i)~~

24 (h) Notwithstanding any other law, the Superintendent shall  
25 adjust the sum of each school district's or charter school's amount  
26 determined in subdivisions (f) to ~~(h)~~, inclusive, and (g), pursuant  
27 to the calculation specified in Section 42238.03, less the sum of  
28 the following:

29 (1) (A) For school districts, the property tax revenue received  
30 pursuant to Chapter 3.5 (commencing with Section 75) and Chapter  
31 6 (commencing with Section 95) of Part 0.5 of Division 1 of the  
32 Revenue and Taxation Code.

33 (B) For charter schools, the in-lieu property tax amount provided  
34 to a charter school pursuant to Section 47635.

35 (2) The amount, if any, received pursuant to Part 18.5  
36 (commencing with Section 38101) of Division 2 of the Revenue  
37 and Taxation Code.

38 (3) The amount, if any, received pursuant to Chapter 3  
39 (commencing with Section 16140) of Part 1 of Division 4 of Title  
40 2 of the Government Code.

1 (4) Prior years' taxes and taxes on the unsecured roll.

2 (5) Fifty percent of the amount received pursuant to Section  
3 41603.

4 (6) The amount, if any, received pursuant to the Community  
5 Redevelopment Law (Part 1 (commencing with Section 33000)  
6 of Division 24 of the Health and Safety Code), less any amount  
7 received pursuant to Section 33401 or 33676 of the Health and  
8 Safety Code that is used for land acquisition, facility construction,  
9 reconstruction, or remodeling, or deferred maintenance and that  
10 is not an amount received pursuant to Section 33492.15, or  
11 paragraph (4) of subdivision (a) of Section 33607.5, or Section  
12 33607.7 of the Health and Safety Code that is allocated exclusively  
13 for educational facilities.

14 (7) The amount, if any, received pursuant to Sections 34183  
15 and 34188 of the Health and Safety Code.

16 (8) (A) Revenue received pursuant to subparagraph (B) of  
17 paragraph (3) of subdivision (e) of Section 36 of Article XIII of  
18 the California Constitution.

19 (B) Subparagraph (A) shall only offset entitlements provided  
20 for the purpose of paragraph (1) of subdivision (a) of Section  
21 42238.03 as continued in subsequent years by paragraph (3) of  
22 subdivision (a) of Section 42238.03.

23 (j)

24 (i) A school district shall annually transfer to each of its charter  
25 schools funding in lieu of property taxes pursuant to Section 47635.

26 (k)

27 (j) (1) The funds apportioned pursuant to this section and  
28 Section ~~42238.03~~, 42238.03 shall be available to a school district  
29 or charter school for any locally determined educational purpose.

30 (2) (A) School districts and charter schools that receive  
31 supplemental grants pursuant to this section shall only use those  
32 funds to serve and assist the pupils whose circumstances generated  
33 those funds and shall supplement, not supplant, existing state and  
34 federal funds expended on unduplicated pupils pursuant to a school  
35 district's or charter school's local control and accountability plan.

36 (B) *School districts and charter schools that receive*  
37 *supplemental grants pursuant to this section shall provide services*  
38 *and assistance to an unduplicated pupil or pupils whose*  
39 *circumstances generated those funds at any school enrolling one*  
40 *or more unduplicated pupils.*

1 (3) (A) Notwithstanding paragraph (2), a school district or  
2 charter school may use funds apportioned pursuant to this article,  
3 together with any other federal, state, or local funds, to improve  
4 the entire educational program of a school in which at least 70  
5 percent of the enrolled pupils are unduplicated pupils, as defined  
6 in subdivision (b), and that use of funds shall be referred to as a  
7 schoolwide program for purposes of this paragraph.

8 (B) A school participating in a schoolwide program may use  
9 funds apportioned pursuant to this article to benefit any pupil  
10 enrolled in the participating school.

11 (C) A school participating in a schoolwide program shall only  
12 use funds apportioned pursuant to this article to supplement funds  
13 that are, in the absence of the apportionment of funds pursuant to  
14 this article, available from other sources, including those that  
15 support legally required services for pupils with exceptional needs.

16 (D) A school district or charter school shall not make pupil  
17 enrollment decisions for purposes of making schools eligible to  
18 participate in a schoolwide program.

19 (E) A school district or charter school that chooses to use funds  
20 apportioned pursuant to this article to operate a schoolwide  
21 program shall describe how the funds will be used in its local  
22 control and accountability plan.

23 ~~(F)~~

24 (k) Nothing in this section shall be interpreted to authorize a  
25 school district that receives funding on behalf of a charter school  
26 pursuant to Section 47651 to redirect this funding for another  
27 purpose unless otherwise authorized in law or pursuant to an  
28 agreement between a charter school and its chartering authority.

29 ~~(m)~~

30 (l) Any calculations in law that are used for purposes of  
31 determining if a local educational agency is an excess tax school  
32 entity or basic aid school district, including, but not limited to, this  
33 section and Sections 42238.03, 41544, 47660, 47632, 47663,  
34 48310, and 48359.5, and Section 95 of the Revenue and Taxation  
35 Code, shall be made exclusive of the revenue received pursuant  
36 to subparagraph (B) of paragraph (3) of subdivision (e) of Section  
37 36 of Article XIII of the California Constitution.

38 ~~(n)~~

39 (m) A school district that does not receive an apportionment of  
40 state funds pursuant to this section as implemented pursuant to

1 Section 42238.03, excluding funds apportioned due to the  
 2 requirements of subdivision (d) of Section 42238.03 shall be  
 3 considered a “basic aid school district” or an “excess tax entity.”

4 (e)

5 (n) This section shall become operative on July 1, 2014.

6 SEC. 28. Section 42238.03 is added to the Education Code, to  
 7 read:

8 42238.03. Commencing with the 2014–15 fiscal year and each  
 9 fiscal year thereafter, the Superintendent shall allocate the  
 10 appropriations in Section 14002 to each charter school and school  
 11 district according to the following formula:

12 (a) Calculate the prior year amount of funding for each school  
 13 district and charter school, as follows:

14 (1) For the 2014–15 fiscal year, the prior year funding level  
 15 shall be the total of all of the following:

16 (A) Entitlements for revenue limits in the 2013–14 fiscal year  
 17 pursuant to Article 2 (commencing with Section 42238) and Article  
 18 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of  
 19 Division 4, as those articles read on June 30, 2014.

20 (B) Notwithstanding subparagraph (A), entitlements for revenue  
 21 limits for fiscal years before June 30, 2014, shall be annually  
 22 adjusted, as necessary, for average daily attendance and revenue  
 23 offsets, as specified in paragraphs (1) to (7), inclusive, of  
 24 subdivision (h) of Section 42238, as that section read on June 30,  
 25 2014, and the in-lieu property tax amount provided to a charter  
 26 school pursuant to Section 47635, as that section read on June 30,  
 27 2014.

28 (2) (A) Entitlements from items contained in Section 2.00, as  
 29 adjusted pursuant to Section 12.42, of the Budget Act of 2013 for  
 30 Items 6110-104-0001, 6110-108-0001, ~~6110-111-0001,~~  
 31 6110-124-0001, 6110-128-0001, 6110-137-0001, 6110-144-0001,  
 32 6110-158-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001,  
 33 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001,  
 34 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001,  
 35 6110-212-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001,  
 36 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001,  
 37 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001,  
 38 6110-260-0001, 6110-265-0001, 6110-267-0001, 6110-268-0001,  
 39 6360-101-0001, and 2013–14 fiscal year funding for the Class  
 40 Size Reduction Program pursuant to Chapter 6.10 (commencing



1 with Section 52120) of Part 28 of Division 4, as it read on January  
2 1, 2014.

3 (B) Entitlements pursuant to Section 47634.1, as that section  
4 read on January 1, 2014, shall be adjusted for growth in average  
5 daily attendance.

6 (3) For the 2015–16 fiscal year and each fiscal year thereafter,  
7 the prior year amount shall be the amount each school district or  
8 charter school received in the prior year pursuant to this section.

9 (b) Calculate an adjustment to the amount in subdivision (a) as  
10 follows:

11 (1) Subtract the amount in subdivision (a) from the amount  
12 computed for each school district or charter school under the local  
13 control funding formula entitlements in subdivision–(i) (h) of  
14 Section 42238.02. School districts and charter schools with a  
15 negative difference shall be deemed to have a zero difference.

16 (2) Each school district’s and charter school’s total need as  
17 calculated pursuant to paragraph (1) shall be divided by the sum  
18 of all school districts’ and charter schools’ total need to determine  
19 the school district’s or charter school’s respective proportions of  
20 total need.

21 (3) Each school district’s and charter school’s proportion of  
22 total need shall be multiplied by any available appropriations for  
23 this purpose, and added to the school district’s or charter school’s  
24 funding amounts as calculated pursuant to subdivision (a).

25 (4) If the total amount of funds available for allocation pursuant  
26 to this subdivision are sufficient to fully fund the amounts  
27 computed pursuant to paragraph (1), the local control funding  
28 formula grant computed pursuant to subdivision (c) of Section  
29 42238.02 shall be adjusted such that any available appropriations  
30 for this purpose in that fiscal year are expended pursuant to the  
31 local control funding formula.

32 (c) (1) Upon a determination that a school district or charter  
33 school equals or exceeds the local control funding formula target  
34 computed pursuant to subdivision–(i) (h) of Section 42238.02, as  
35 determined by the calculation of a zero difference pursuant to  
36 paragraph (1) of subdivision (b) of this section, this section shall  
37 not apply and the school district or charter school shall receive an  
38 allocation equal to the amount calculated under Section 42238.02  
39 in that fiscal year and future fiscal years.

(2) In any fiscal year before paragraph (1) applies, the district superintendent of schools or charter school administrator shall develop, and present at least twice per fiscal year to the parents of pupils and the governing board of the school district or governing body of the charter school, information that enhances their understanding of and familiarity with the local control funding formula and the local control and accountability plan. When presenting this information, the district superintendent of schools or charter school administrator *shall explain*, at a minimum and consistent with Section 48985, how parents can meaningfully participate and how the school district or charter school will provide meaningful opportunities for parental involvement, including, but not limited to, effective schoolsite councils and English learning advisory committees.

(d) Notwithstanding subdivisions (b) and (c), commencing with the 2014–15 fiscal year, a school district or charter school shall receive state-aid funding pursuant to paragraph (3) of subdivision (b) of no less than the funding the school district or charter school received from programs in paragraphs (1) and (2) of subdivision (a).

(e) (1) For purposes of this section, commencing with the 2014–15 fiscal year and until all school districts and charter schools equal or exceed their local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b), a newly operational charter school shall be determined to have a prior year per average daily attendance funding amount equal to the lesser of:

(A) The prior year funding amount per average daily attendance for the school district in which the charter school is physically located. The Superintendent shall calculate the per average daily attendance amount for this purpose by dividing the total local control funding formula entitlement received by that school district in the prior year by prior year average daily attendance of that school district. For purposes of this paragraph, a charter school that is physically located in more than one school district, shall use the calculated per average daily attendance local control funding entitlement of the school district with the highest prior year per average daily attendance funding amount.

(B) The charter school's local control funding formula rate computed pursuant to subdivisions (c) to ~~(h)~~, (g), inclusive, of Section 42238.02.

(2) For charter schools funded pursuant to paragraph (1), the charter school shall be eligible to receive growth funding pursuant to subdivision (b) toward meeting the newly operational charter school's local control funding formula target.

(3) Upon a determination that all school districts or charter schools equal or exceed the local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) for all school districts and charter schools, this subdivision shall not apply and the charter school shall receive an allocation equal to the amount calculated under Section 42238.02 in that fiscal year and future fiscal years.

(f) This section shall become operative on July 1, 2014.

SEC. 29. Section 42238.04 is added to the Education Code, to read:

42238.04. (a) Notwithstanding any other law, revenue limit funding for school districts and charter school block grant funding for charter schools for the 2013–14 fiscal year and prior fiscal years shall continue to be adjusted pursuant to Article 2 (commencing with Section 42238), and Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as those articles read on June 30, 2014.

(b) This section shall become operative on July 1, 2014.

SEC. 30. Section 42238.05 is added to the Education Code, to read:

42238.05. (a) For purposes of Sections 42238.02 and 42238.03, the fiscal year average daily attendance shall be computed pursuant to ~~paragraphs~~ *paragraph* (1) or (2).

(1) The second principal apportionment regular average daily attendance for either the current or prior fiscal year, whichever is greater. However, prior fiscal year average daily attendance shall be adjusted for any loss or gain of average daily attendance due to a reorganization or transfer of territory.

(2) A school district that elects to receive funding pursuant to Article 4 (commencing with Section 42280) shall compute its units of average daily attendance for purposes of Section 42238.02 by

1 subtracting the amount determined in subparagraph (B) from the  
2 amount determined in subparagraph (A).

3 (A) The units of average daily attendance computed pursuant  
4 to paragraph (1).

5 (B) The units of average daily attendance resulting from pupils  
6 attending schools funded pursuant to Article 4 (commencing with  
7 Section 42280).

8 (b) For purposes of this article, regular average daily attendance  
9 shall be the base grant average daily attendance.

10 (c) For purposes of this section, the Superintendent shall  
11 distribute total ungraded enrollment and average daily attendance  
12 among kindergarten and each of grades 1 to 12, inclusive, in  
13 proportion to the amounts of graded enrollment and average daily  
14 attendance, respectively, in each of these grades.

15 (d) For purposes of this section, the Superintendent shall  
16 distribute average daily attendance generated by the difference  
17 between prior year average daily attendance and current year  
18 average daily attendance, if positive, among kindergarten and each  
19 of grades 1 to 12, inclusive, in proportion to the amounts of graded  
20 average daily attendance, respectively, in each of these grades.

21 (e) This section shall only apply to average daily attendance  
22 generated by school districts and shall not apply average daily  
23 attendance generated by charter schools.

24 (f) A pupil shall not be counted more than once for purposes of  
25 calculating average daily attendance pursuant to this section.

26 (g) This section shall become operative on July 1, 2014.

27 SEC. 31. Section 42238.051 is added to the Education Code,  
28 to read:

29 42238.051. (a) For purposes of paragraph (1) of subdivision  
30 (a) of Section 42238.05, a sponsoring school district's average  
31 daily attendance shall be computed as follows:

32 (1) Compute the sponsoring school district's regular average  
33 daily attendance in the current year, excluding the attendance of  
34 pupils in charter schools.

35 (2) (A) Compute the regular average daily attendance used to  
36 calculate the second principal apportionment of the school district  
37 for the prior year, excluding the attendance of pupils in charter  
38 schools.

39 (B) Compute the attendance of pupils who attended one or more  
40 noncharter schools of the school district between July 1, and the

1 last day of the second period, inclusive, in the prior year, and who  
2 attended a charter school sponsored by the school district between  
3 July 1, and the last day of the second period, inclusive, in the  
4 current year. For purposes of this subparagraph, a pupil enrolled  
5 in a grade at a charter school sponsored by the school district shall  
6 not be counted if the school district does not offer classes for pupils  
7 enrolled in that grade. The amount of the attendance counted for  
8 any pupil for the purpose of this subparagraph may not be greater  
9 than the attendance claimed for that pupil by the charter school in  
10 the current year.

11 (C) Compute the attendance of pupils who attended a charter  
12 school sponsored by the school district in the prior year and who  
13 attended one or more noncharter schools of the school district in  
14 the current year. The amount of the attendance counted for any  
15 pupil for the purpose of this subparagraph may not be greater than  
16 the attendance claimed for that pupil by the school district in the  
17 current year.

18 (D) From the amount determined pursuant to subparagraph (B),  
19 subtract the amount determined pursuant to subparagraph (C). If  
20 the result is less than zero, the amount shall be deemed to be zero.

21 (E) The prior year average daily attendance determined pursuant  
22 to subparagraph (A) shall be reduced by the amount determined  
23 pursuant to subparagraph (D).

24 (3) To the greater of the amounts computed pursuant to  
25 paragraphs (1) and (2), add the regular average daily attendance  
26 in the current year of all pupils attending charter schools sponsored  
27 by the school district that are not funded through the charter schools  
28 local control funding formula allocation pursuant to Section  
29 42238.02, as implemented by Section 42238.03.

30 (b) For purposes of this section, a “sponsoring school district”  
31 shall mean a “sponsoring local educational agency,” as defined in  
32 Section 47632, as that section read on January 1, 2014.

33 (c) This section shall become operative on July 1, 2014.

34 SEC. 32. Section 42238.052 is added to the Education Code,  
35 to read:

36 42238.052. (a) Notwithstanding any other law, the prior year  
37 average daily attendance for a school district determined pursuant  
38 to subdivision (a) of Section 42238.051 shall be increased by the  
39 prior year second principal apportionment average daily attendance

1 of a school district only for a school that meets the following  
2 description:

3 (1) The school was a district noncharter school in any year  
4 before the prior year.

5 (2) The school was operated as a district-approved charter school  
6 in the prior year.

7 (3) The school is again operated as a district noncharter school  
8 in the current year.

9 (b) An adjustment to prior year average daily attendance  
10 pursuant to this section may not be made for the attendance of  
11 pupils who were not residents of the school district in the prior  
12 year.

13 (c) This section shall become operative on July 1, 2014.

14 SEC. 33. Section 42238.053 is added to the Education Code,  
15 to read:

16 42238.053. (a) The fiscal year average daily attendance  
17 computed under Section 42238.05 shall be increased, for each  
18 school district that operates a school that meets the eligibility  
19 requirements set forth in subdivision (b), by the number of days  
20 of attendance of pupils enrolled in eligible schools in the school  
21 district who are currently migratory children, as defined by Section  
22 54441, and who are residing in state-operated migrant housing  
23 projects between the second principal apportionment and the end  
24 of the regular school year, divided by the number of days school  
25 was actually taught in the regular day schools of the district,  
26 excluding Saturdays and Sundays.

27 (b) For a school district to be eligible for purposes of this  
28 section, the following conditions shall apply:

29 (1) One or more state-operated migrant housing projects are  
30 located within the attendance area of the school.

31 (2) The maximum number of pupils enrolled in the school in  
32 the relevant fiscal year who are currently migratory children, as  
33 calculated under subdivision (a), constitutes not less than one-third  
34 of the total pupil enrollment of the school.

35 (c) The Superintendent shall establish rules and regulations for  
36 the implementation of this section.

37 (d) This section shall become operative on July 1, 2014.

38 SEC. 34. Section 42238.06 is added to the Education Code, to  
39 read:

1 42238.06. (a) Commencing on July 1, 2014, except where  
2 context requires otherwise, all of the following shall apply:

3 (1) References to “revenue limit” shall instead refer to the “local  
4 control funding formula.”

5 (2) References to “the revenue limit calculated pursuant to  
6 Section 42238” shall instead refer to “the local control funding  
7 formula calculated pursuant to Section 42238.02, as implemented  
8 by Section 42238.03.”

9 (3) References to “Section 42238” shall instead refer to “Section  
10 42238.02, as implemented pursuant to Section 42238.03.”

11 (4) References to “Section 42238.1” shall instead refer to  
12 “Section 42238.02.”

13 (5) References to “Section 42238.5” shall instead refer to  
14 “Section 42238.05.”

15 (6) References to “general-purpose entitlement” shall instead  
16 refer to “local control funding formula grant funding pursuant to  
17 Section 42238.02, as implemented by Section 42238.03.”

18 (b) This section shall become operative on July 1, 2014.

19 SEC. 35. Section 42238.1 of the Education Code is amended  
20 to read:

21 42238.1. (a) For the 1986–87 fiscal year and each fiscal year  
22 up to and including the 1998–99 fiscal year, the Superintendent  
23 of Public Instruction shall compute an inflation adjustment equal  
24 to the product of paragraphs (1) and (2):

25 (1) Compute the sum of the following:

26 (A) The statewide average base revenue limit per unit of average  
27 daily attendance for the prior fiscal year for districts of similar  
28 type.

29 (B) The amount, if any, per unit of average daily attendance  
30 received by the district pursuant to Article 8 (commencing with  
31 Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.

32 (2) The percentage change in the annual average value of the  
33 Implicit Price Deflator for State and Local Government Purchases  
34 of Goods and Services for the United States, as published by the  
35 United States Department of Commerce for the 12-month period  
36 ending in the third quarter of the prior fiscal year. This percentage  
37 change shall be determined using the latest data available as of  
38 May 1 of the preceding fiscal year compared with the annual  
39 average value of the same deflator for the 12-month period ending  
40 in the third quarter of the second preceding fiscal year, using the

1 latest data available as of May 1 of the second preceding fiscal  
2 year, as reported by the Department of Finance.

3 (b) For the 1999–2000 fiscal year and each fiscal year thereafter,  
4 the Superintendent of Public Instruction shall compute an inflation  
5 adjustment equal to the product of paragraphs (1) and (2):

6 (1) Compute the sum of the following:

7 (A) The statewide average base revenue limit per unit of average  
8 daily attendance for the prior fiscal year for districts of similar  
9 type.

10 (B) The amount, if any, per unit of average daily attendance  
11 received by the district pursuant to Article 8 (commencing with  
12 Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.

13 (2) The percentage change in the annual average value of the  
14 Implicit Price Deflator for State and Local Government Purchases  
15 of Goods and Services for the United States, as published by the  
16 United States Department of Commerce for the 12-month period  
17 ending in the third quarter of the prior fiscal year. This percentage  
18 change shall be determined using the latest data available as of  
19 May 10 of the preceding fiscal year compared with the annual  
20 average value of the same deflator for the 12-month period ending  
21 in the third quarter of the second preceding fiscal year, using the  
22 latest data available as of May 10 of the preceding fiscal year, as  
23 ~~report~~ reported by the Department of Finance.

24 (c) This section shall become operative July 1, 1986.

25 (d) This section shall become inoperative on July 1, 2014, and,  
26 as of January 1, 2015, is repealed, unless a later enacted statute,  
27 that becomes operative on or before January 1, 2015, deletes or  
28 extends the dates on which it becomes inoperative and is repealed.

29 SEC. 36. Section 42238.2 of the Education Code is amended  
30 to read:

31 42238.2. (a) (1) Notwithstanding Section 42238.5 or any other  
32 provision of law, a school district that meets any of the following  
33 conditions shall be entitled to an adjustment to its units of average  
34 daily attendance pursuant to this section:

35 (A) The school district experiences a decline in the number of  
36 units of average daily attendance in excess of 8 percent of its total  
37 average daily attendance as a result of the closure of a facility  
38 operated by a branch of the United States Armed Forces in the  
39 school district's boundaries.



1 (B) The school district experiences a decline in the number of  
2 units of average daily attendance that is less than 8 percent but at  
3 least 5 percent of its total average daily attendance as a result of  
4 the closure of a facility operated by a branch of the United States  
5 Armed Forces in that school district's boundaries, upon a finding  
6 by both the Superintendent of Public Instruction and the Director  
7 of Finance that both of the following conditions exist:

8 (i) The school district demonstrates that at the end of a three-year  
9 period the school district will experience a 10-percent reduction  
10 in the amount of funding that the school district would otherwise  
11 have received from state apportionments, funding received pursuant  
12 to the California State Lottery Act of 1984 (Chapter 12.5  
13 (commencing with Section 8880) of Division 1 of Title 2 of the  
14 Government Code), and funding received pursuant to Title VIII  
15 of Public Law 103-382, as a result of the loss of pupils related to  
16 the closure of a facility operated by a branch of the United States  
17 Armed Forces.

18 (ii) The fiscal crisis and management assistance team established  
19 pursuant to Section 42127.8 has reviewed the school district's  
20 finances and has found that the school district has taken significant  
21 steps to reduce expenditure.

22 (C) The school district experiences a decline in the number of  
23 units of average daily attendance in excess of 5 percent of its total  
24 average daily attendance and the Director of Finance determines  
25 that the school district is likely, within eight years of that decline,  
26 to maintain a number of units of average daily attendance that is  
27 equivalent to the number of units of average daily attendance  
28 maintained by the school district prior to the decline.  
29 Notwithstanding subdivision (b), loan repayments shall commence  
30 no later than the fourth year after the base year or at a later time,  
31 as determined by the Director of Finance.

32 (2) For purposes of this section, the year preceding a decline  
33 shall be the base year.

34 (b) In the second year after the base year, the district average  
35 daily attendance pursuant to Section 42238.5 may, if the district  
36 chooses, be increased by 75 percent of the difference between the  
37 base year units of average daily attendance and the units of average  
38 daily attendance in the first year of decline. In the third year after  
39 the base year, the district average daily attendance pursuant to  
40 Section 42238.5 may, if the district chooses, be increased by 50

1 percent of the difference between the base year units of average  
2 daily attendance and the units of average daily attendance in the  
3 first year of decline. The amount of money represented by these  
4 increases shall be considered a loan to the school district. Loan  
5 repayments shall commence no later than the fourth year after the  
6 base year.

7 (c) (1) The Superintendent of Public Instruction, in consultation  
8 with a school district subject to this section, shall determine a  
9 schedule for repayment of the total amount loaned pursuant to this  
10 section which may not exceed 10 years. Payments shall include  
11 interest charged at a rate based on the most current investment rate  
12 of the Pooled Money Investment Account in the General Fund as  
13 of the date of the disbursement of funds to the school district.

14 (2) Upon written notification by the Superintendent of Public  
15 Instruction that the school district has not made one or more of the  
16 payments required by the schedule established pursuant to  
17 paragraph (1), the Controller shall withhold from Section A of the  
18 State School Fund the defaulted payment which shall not exceed  
19 the amount of any apportionment entitlement of the district to  
20 moneys in Section A of the State School Fund. In that regard, the  
21 Controller shall withhold the amount of any payment made under  
22 this subdivision, including reimbursement of the Controller's  
23 administrative costs as determined under a schedule approved by  
24 the California Debt Advisory Commission, from subsequent  
25 apportionments to the school district from Section A of the State  
26 School Fund.

27 (3) Any apportionments made by the Controller pursuant to  
28 paragraph (2) shall be deemed to be an allocation to the school  
29 district for purposes of subdivision (b) of Section 8 of Article XVI  
30 of the California Constitution, and for purposes of Chapter 2  
31 (commencing with Section 41200) of Part 24.

32 (d) In no event shall the adjustment provided by this section  
33 cause the apportionment to a school district to exceed the amount  
34 that would otherwise be calculated for apportionment to the district  
35 pursuant to Sections 42238 and 42238.1.

36 (e) This section does not apply to a school district that  
37 experiences a decline in enrollment as a result of a school district  
38 reorganization pursuant to Chapter 3 (commencing with Section  
39 35500) of Part 21 or any other law.

(f) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 37. Section 42238.3 of the Education Code is amended to read:

42238.3. (a) For each year during the loan repayment period provided for in Section 42238.2, any district utilizing the adjustment pursuant to Section 42238.2 may adjust its revenue limit computed pursuant to Section 42238 to the statewide average revenue limit per unit of average daily attendance for its size and type of district in proportion to the percentage of the loan that the school district has repaid up to and including the year in which the revenue limit adjustment is made.

(b) This section does not apply to a school district that experiences a decline in enrollment as a result of a school district reorganization pursuant to Chapter 3 (commencing with Section 35500) of Part 21 or any other law.

(c) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 38. Section 42238.4 of the Education Code is amended to read:

42238.4. (a) For the 1995–96 fiscal year, the county superintendent of schools shall compute an equalization adjustment for each school district in the county, so that no district’s base revenue limit per unit of average daily attendance is less than the prior fiscal year statewide average base revenue limit for the appropriate size and type of district listed in subdivision (b) plus the inflation adjustment specified in Section 42238.1 for the current fiscal year for the appropriate type of district.

For purposes of this section, the district base revenue limit and the statewide average base revenue limit shall not include any amounts attributable to Section 45023.4, 46200, or 46201.

(b) Subdivision (a) shall apply to the following school districts, which shall be grouped according to size and type as follows:

District	ADA
Elementary .....	less than 101

1	Elementary .....	more than 100
2	High School .....	less than 301
3	High School .....	more than 300
4	Unified .....	less than 1,501
5	Unified .....	more than 1,500

6

7 (c) The Superintendent shall compute a revenue limit  
8 equalization adjustment for each school district's base revenue  
9 limit per unit of average daily attendance as follows:

10 (1) Add the products of the amount computed for each school  
11 district by the county superintendent pursuant to subdivision (a)  
12 and the average daily attendance used to calculate the district's  
13 revenue limit for the current fiscal year as adjusted for the deficit  
14 factor in Section 42238.145.

15 (2) Divide the amount appropriated for purposes of this section  
16 for the current fiscal year by the amount computed pursuant to  
17 paragraph (1).

18 (3) Multiply the amount computed for the school district  
19 pursuant to subdivision (a) by the amount computed pursuant to  
20 paragraph (2).

21 (d) For the purposes of this section, the 1994–95 statewide  
22 average base revenue limits determined for the purposes of  
23 subdivision (a) and the fraction computed pursuant to paragraph  
24 (2) of subdivision (c) by the Superintendent for the 1995–96 second  
25 principal apportionment shall be final, and shall not be calculated  
26 as subsequent apportionments. In no event shall the fraction  
27 computed pursuant to paragraph (2) of subdivision (c) exceed 1.00.  
28 For the purposes of determining the size of a district used in  
29 subdivision (b), the Superintendent shall use a school district's  
30 revenue limit average daily attendance for the 1994–95 fiscal year  
31 determined pursuant to Section 42238.5 and Article 4 (commencing  
32 with Section 42280).

33 (e) This section shall only be operative if the Director of Finance  
34 certifies that a settlement agreement in California Teachers  
35 Association v. Gould (Sacramento County Superior Court Case  
36 CV 373415) is effective. No funds shall be disbursed under this  
37 section for this purpose before August 1, 1996, and any  
38 apportionment or allocation of funds appropriated for purposes of  
39 this section shall be accounted for in the 1995–96 fiscal year.

(f) Appropriations for the 1995–96 fiscal year as a result of the implementation of this section shall be deemed “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202, for the 1995–96 fiscal year and “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated to Article XIII B,” as defined in subdivision (e) of Section 41202, for that fiscal year, for purposes of Section 8 of Article XVI of the California Constitution.

(g) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 39. Section 42238.41 of the Education Code is amended to read:

42238.41. (a) For the 1996–97 fiscal year, the county superintendent of schools, in conjunction with the Superintendent of Public Instruction, shall compute an equalization adjustment for each school district in the county, so that no district’s 1995–96 base revenue limit per unit of average daily attendance is less than the 1995–96 fiscal year statewide average base revenue limit for the appropriate size and type of district listed in subdivision (b).

For purposes of this section, the district base revenue limit and the statewide average base revenue limit shall not include any amounts attributable to Section 45023.4, 46200, or 46201.

(b) Subdivision (a) shall apply to the following school districts, which shall be grouped according to size and type as follows:

District	ADA
Elementary .....	less than 101
Elementary .....	more than 100
High School .....	less than 301
High School .....	more than 300
Unified .....	less than 1,501
Unified .....	more than 1,500

(c) The Superintendent of Public Instruction shall compute a revenue limit equalization adjustment for each school district’s base revenue limit per unit of average daily attendance as follows:

(1) Add the products of the amount computed for each school district by the county superintendent pursuant to subdivision (a) and the average daily attendance used to calculate the district's revenue limit for the current fiscal year as adjusted for the deficit factor in Section 42238.145.

(2) Divide the amount appropriated for purposes of this section for the current fiscal year by the amount computed pursuant to paragraph (1).

(3) Multiply the amount computed for the school district pursuant to subdivision (a) by the amount computed pursuant to paragraph (2).

(d) For the purposes of this section, the 1995–96 statewide average base revenue limits determined for the purposes of subdivision (a) and the fraction computed pursuant to paragraph (2) of subdivision (c) by the Superintendent of Public Instruction for the 1995–96 second principal apportionment shall be final, and shall not be recalculated at subsequent apportionments. In no event shall the fraction computed pursuant to paragraph (2) of subdivision (c) exceed 1.00. For the purposes of determining the size of a district used in subdivision (b), county superintendents of schools, in conjunction with the Superintendent of Public Instruction, shall use a school district's revenue limit average daily attendance for the 1995–96 fiscal year as determined pursuant to Section 42238.5 and Article 4 (commencing with Section 42280).

(e) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 40. Section 42238.42 of the Education Code is amended to read:

42238.42. (a) In the event that the amount required to be appropriated for the purpose of the state's minimum funding obligation to school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution for the 1996–97 fiscal year, as determined in paragraph (1) of subdivision (b), exceeds the amount appropriated for that purpose for the 1996–97 fiscal year, as determined pursuant to paragraph (2) of subdivision (b), the amount computed pursuant to subdivision (d), is hereby appropriated from the General Fund to the Superintendent of Public Instruction for the purposes of equalizing

1 the revenue limits of school districts pursuant to subdivision (e)  
2 and Section 42238.43 and for the purpose of reducing the deficit  
3 factor applied to the revenue limits of county superintendents of  
4 schools pursuant to Section 2558.45 and reducing the deficit factor  
5 applied to the revenue limits of the school districts pursuant to  
6 Section 42238.145.

7 (b) To determine the amounts available for the purposes of this  
8 section, the Department of Finance shall make the following  
9 computations:

10 (1) At the first principal apportionment for the 1997–98 fiscal  
11 year, compute the level of General Fund revenues that meets the  
12 state’s minimum funding obligation to school districts and  
13 community college districts pursuant to Section 8 of Article XVI  
14 of the California Constitution for the 1996–97 fiscal year based  
15 upon the most current determination of data as defined in  
16 subdivision (a) of Section 41206 of the Education Code.

17 (2) Subtract from the amount determined in paragraph (1) an  
18 amount equal to the total amount of General Fund revenues that  
19 have been appropriated for the purpose of meeting the state’s  
20 minimum funding obligation for the 1996–97 fiscal year to school  
21 districts and community college districts pursuant to Section 8 of  
22 Article XVI of the California Constitution as of February 1, 1998.

23 (3) If the amount computed in paragraph (2) is greater than zero,  
24 that amount is the total amount available for the purposes of this  
25 section.

26 (c) To determine the portion of the amount computed in  
27 subdivision (a) to set aside for community college districts pursuant  
28 to this section, the Department of Finance shall make the following  
29 computations:

30 (1) Add the total General Fund allocations to school districts  
31 and community college districts for the purposes of meeting the  
32 state’s minimum funding obligation to school districts and  
33 community college districts pursuant to Section 8 of Article XVI  
34 of the California Constitution for the 1996–97 fiscal year to the  
35 total statewide amount of “allocated local proceeds of taxes,” as  
36 defined in subdivisions (g) and (h) of Section 41202, allocated to  
37 school districts and community college districts for the 1996–97  
38 fiscal year.

39 (2) Divide the sum of the General Fund allocations made to  
40 community college districts for the purposes of meeting the state’s

1 minimum funding obligation to community college districts  
2 pursuant to Section 8 of Article XVI of the California Constitution  
3 for the 1996–97 fiscal year and the total statewide amount of  
4 “allocated local proceeds of taxes,” as defined in subdivision (h)  
5 of Section 41202, allocated to community college districts for the  
6 1996–97 fiscal year by the sum computed pursuant to paragraph  
7 (1).

8 (3) Multiply the amount computed pursuant to subdivision (b)  
9 by the percentage determined in paragraph (2). Community college  
10 districts shall be entitled to receive an amount equal to the amount  
11 computed pursuant to this paragraph and that amount shall be set  
12 aside from the General Fund for appropriation to community  
13 college districts by the Legislature.

14 (d) The amount of the appropriation made pursuant to  
15 subdivision (a) of this section shall be computed by subtracting  
16 the amount computed in paragraph (3) of subdivision (c) from the  
17 amount computed pursuant to subdivision (b). The Director of the  
18 Department of Finance shall certify to the Controller the amount  
19 of the appropriation computed pursuant to this subdivision and  
20 under no circumstances shall funds be released by the Controller  
21 for purposes of this section before that certification is received by  
22 the Controller.

23 (e) The Superintendent of Public Instruction shall allocate 50  
24 percent of the amount computed pursuant to subdivision (d) to  
25 school districts for the purpose of making equalization adjustments  
26 to the base revenue limit of school districts for the 1996–97 fiscal  
27 year, as follows:

28 (1) The Superintendent of Public Instruction shall perform the  
29 computations set forth in Section 42238.43 for the purpose of  
30 equalization adjustments to the base revenue limits of school  
31 districts for the 1996–97 fiscal year to determine the amount to  
32 allocate to each school district pursuant to this paragraph.

33 (2) The Superintendent of Public Instruction shall repeat the  
34 process of computing equalization adjustments to the base revenue  
35 limits of school districts for the 1996–97 fiscal year pursuant to  
36 Section 42238.43 until the total amount of funds available for that  
37 purpose pursuant to this subdivision is allocated to school districts.

38 (3) If the total amount of funds available for allocation pursuant  
39 to this subdivision is insufficient to fully fund the amounts  
40 computed pursuant to paragraph (1) or the amount computed



1 pursuant to any of the iterations made pursuant to paragraph (2),  
2 the allocations computed pursuant to those paragraphs shall be  
3 reduced proportionately.

4 (f) The Superintendent of Public Instruction shall allocate 50  
5 percent of the amount computed pursuant to subdivision (d) to  
6 county superintendents of schools for the purpose of reducing the  
7 1996–97 and 1997–98 deficit factors applied to the revenue limits  
8 of county ~~superintendent~~ *superintendents* of schools and school  
9 districts pursuant to Sections 2558.45 and 42238.145, respectively.  
10 The amount of the allocation made to each school district and  
11 county superintendent of schools for the purpose of reducing their  
12 respective deficit factors shall be computed in proportion to their  
13 respective shares of the total statewide amount of the revenue  
14 limits after adjustment for deficit factors for school districts and  
15 county superintendents of schools.

16 (g) In no event shall this section be construed to require an  
17 appropriation that would cause the aggregate amount required to  
18 be appropriated from the General Fund for the 1996–97 fiscal year  
19 pursuant to Section 8 of Article XVI of the California Constitution  
20 to be exceeded.

21 (h) This section shall become inoperative on July 1, 2014, and,  
22 as of January 1, 2015, is repealed, unless a later enacted statute,  
23 that becomes operative on or before January 1, 2015, deletes or  
24 extends the dates on which it becomes inoperative and is repealed.

25 SEC. 41. Section 42238.43 of the Education Code is amended  
26 to read:

27 42238.43. (a) (1) For the 1996–97 fiscal year, the county  
28 superintendent of schools, in conjunction with the Superintendent  
29 of Public Instruction, shall compute an equalization adjustment  
30 for each school district in the county, so that no district's base  
31 revenue limit per unit of average daily attendance is less than the  
32 1996–97 fiscal year statewide average base revenue limit for the  
33 appropriate size and type of district listed in subdivision (b).

34 (2) For purposes of this section, the district base revenue limit  
35 and the statewide average base revenue limit shall not include any  
36 amounts attributable to Section 45023.4, 46200, or 46201.

37 (b) Subdivision (a) shall apply to the following school districts,  
38 which shall be grouped according to size and type as follows:

39  
40 District

ADA

1	Elementary .....	less than 101
2	Elementary .....	more than 100
3	High School .....	less than 301
4	High School .....	more than 300
5	Unified .....	less than 1,501
6	Unified .....	more than 1,500

7  
8 (c) The equalization adjustment computed pursuant to this  
9 section shall only be funded from amounts appropriated for that  
10 purpose pursuant to Section 42238.42.

11 (d) (1) For the purposes of the computation made pursuant to  
12 paragraph (1) of subdivision (e) of Section 42238.42, the 1996–97  
13 statewide average base revenue limits determined for the purposes  
14 of subdivision (a) and the fraction, if any, computed pursuant to  
15 paragraph (3) of subdivision (e) of Section 42238.42 by the  
16 Superintendent of Public Instruction for the 1996–97 second  
17 principal apportionment shall be final, and shall not be calculated  
18 as subsequent apportionments. In no event shall the fraction  
19 computed pursuant to paragraph (3) of subdivision (e) of Section  
20 42238.42 exceed 1.00. If any iterations are required pursuant to  
21 paragraph (2) of Section 42238.42, the Superintendent of Public  
22 Instruction shall recompute the 1996–97 statewide average base  
23 revenue limit to include any adjustments made by the immediately  
24 preceding iteration.

25 (2) (A) For the purposes of determining the size of a school  
26 district under subdivision (b), the Superintendent of Public  
27 Instruction shall use a school district’s revenue limit average daily  
28 attendance for the 1996–97 fiscal year as determined pursuant to  
29 Section 42238.5 and Article 4 (commencing with Section 42280).

30 (B) Notwithstanding subparagraph (A), for the purposes of  
31 determining the size of a school district under subdivision (b) with  
32 respect to any elementary, high, or unified school district that was  
33 funded in the 1996–97 school year as a large elementary, high, or  
34 unified school district, as determined pursuant to subdivision (a)  
35 of Section 42238.5, the school district’s actual revenue limit  
36 average daily attendance for the 1996–97 school year may be used.  
37 The actual revenue limit average daily attendance for the 1996–97  
38 school year shall be used to calculate the 1996–97 revenue limit  
39 of a school district exercising the authority granted under this  
40 subparagraph. The governing board of a school district to which

1 this subparagraph is applicable may exercise the authority granted  
2 under this subparagraph by enacting a resolution to that effect and  
3 transmitting a copy of that resolution to the Superintendent of  
4 Public Instruction on or before a date designated by the  
5 Superintendent of Public Instruction for that school year. After the  
6 Superintendent of Public Instruction receives the resolution, the  
7 superintendent shall make the necessary adjustments to the school  
8 district's revenue limit calculation.

9 (e) This section shall become inoperative on July 1, 2014, and,  
10 as of January 1, 2015, is repealed, unless a later enacted statute,  
11 that becomes operative on or before January 1, 2015, deletes or  
12 extends the dates on which it becomes inoperative and is repealed.

13 SEC. 42. Section 42238.44 of the Education Code is amended  
14 to read:

15 42238.44. (a) This section shall be known, and may be cited  
16 as, the Fairness in Education Funding Act.

17 (b) (1) For the 2004–05 fiscal year, the Superintendent of Public  
18 Instruction shall compute an equalization adjustment for each  
19 school district, so that the 2003–04 base revenue limit per unit of  
20 average daily attendance of a district is not less than the 2003–04  
21 base revenue limit per unit of average daily attendance above which  
22 fall not more than 10 percent of the total statewide units of average  
23 daily attendance for each category of school district set forth in  
24 subdivision (c).

25 (2) For purposes of this section, the district base revenue limit  
26 and the statewide average base revenue limit shall not include any  
27 amounts attributable to Section 45023.4, 46200, or 46201.

28 (c) Subdivision (b) shall apply to the following school districts,  
29 which shall be grouped according to size and type as follows:

District	ADA
Elementary .....	less than 101
Elementary .....	more than 100
High School .....	less than 301
High School .....	more than 300
Unified .....	less than 1,501
Unified .....	more than 1,500

(d) The Superintendent of Public Instruction shall compute a revenue limit equalization adjustment for each school district's base revenue limit per unit of average daily attendance as follows:

(1) Multiply the amount computed for each school district pursuant to subdivision (b) by the average daily attendance used to calculate the revenue limit for the 2004–05 fiscal year of a district.

(2) Divide the amount appropriated for purposes of this section for the 2004–05 fiscal year by the statewide sum of the amount computed pursuant to paragraph (1).

(3) Multiply the amount computed for the school district pursuant to paragraph (1) of subdivision (b) by the amount computed pursuant to paragraph (2).

(e) (1) For the purposes of this section, the 2003–04 statewide 90th percentile base revenue limit determined pursuant to paragraph (1) of subdivision (b), and the fraction computed pursuant to paragraph (2) of subdivision (d) for the 2003–04 second principal apportionment, shall be final, and shall not be recalculated at subsequent apportionments. The fraction computed pursuant to paragraph (2) of subdivision (d) shall not, under any circumstances, exceed 1.00. For purposes of determining the size of a school district pursuant to subdivision (c), county superintendents of schools, in conjunction with the Superintendent of Public Instruction, shall use school district revenue limit average daily attendance for the 2003–04 fiscal year as determined pursuant to Section 42238.5 and Article 4 (commencing with Section 42280).

(2) For the purposes of calculating the size of a school district pursuant to subdivision (c), the Superintendent of Public Instruction shall include units of average daily attendance of any charter school for which the school district is the chartering agency.

(3) For the purposes of computing the target amounts pursuant to subdivision (b), the Superintendent of Public Instruction shall count all charter school average daily attendance toward the average daily attendance of the school district that is the chartering agency.

(f) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 43. Section 42238.445 of the Education Code is amended to read:

42238.445. (a) (1) For the 2002–03 fiscal year, the Superintendent of Public Instruction shall compute an equalization adjustment for each school district by determining the amount that would be necessary to ~~assure~~ *ensure* that no district’s 2001–02 base revenue limit per unit of average daily attendance is less than the 2001–02 base revenue limit per unit of average daily attendance above which fall not more than 10 percent of the total statewide units of average daily attendance for each category of school district set forth in subdivision (b).

(2) For purposes of this section, the district base revenue limit and the statewide average base revenue limit shall not include any amounts attributable to Section 45023.4, 46200, or 46201.

(b) Subdivision (a) shall apply to the following school districts, which shall be grouped according to size and type as follows:

District	ADA
Elementary .....	less than 101
Elementary .....	more than 100
High School .....	less than 301
High School .....	more than 300
Unified .....	less than 1,501
Unified .....	more than 1,500

(c) The Superintendent of Public Instruction shall determine and allocate, on a one-time basis, an amount for each school district as follows:

(1) Multiply the amount computed for each school district pursuant to subdivision (a) by the average daily attendance used to calculate the district’s revenue limit for the 2002–03 fiscal year.

(2) Divide forty-two million dollars (\$42,000,000) appropriated pursuant to Provision 2 of Item 6110-223-0001 of Section 2.00 of the Budget Act of 2002 by the statewide sum of the amount computed pursuant to paragraph (1).

(3) Multiply the amount computed for the school district pursuant to paragraph (1) by the amount computed pursuant to paragraph (2).

(d) (1) For the purposes of this section, the 2001–02 statewide 90th percentile base revenue limit determined pursuant to paragraph

(1) of subdivision (a), and the fraction computed pursuant to paragraph (2) of subdivision (c) for the 2001–02 second principal apportionment, shall be final, and shall not be recalculated at subsequent apportionments. The fraction computed pursuant to paragraph (2) of subdivision (c) shall not, under any circumstances, exceed 1.00. For purposes of determining the size of a school district pursuant to subdivision (b), county superintendents of schools, in conjunction with the Superintendent of Public Instruction, shall use school district revenue limit average daily attendance for the 2001–02 fiscal year as determined pursuant to Section 42238.5 and Article 4 (commencing with Section 42280).

(2) For the purposes of calculating the size of a school district pursuant to subdivision (b), the Superintendent of Public Instruction shall include units of average daily attendance of any charter school for which the school district is the chartering agency.

(3) For the purposes of computing the target amounts pursuant to subdivision (a), the Superintendent of Public Instruction shall count all charter school average daily attendance toward the average daily attendance of the school district that is the chartering agency.

(e) Allocations pursuant to this section do not represent adjustments to school district base revenue limits.

(f) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 44. Section 42238.45 of the Education Code is amended to read:

42238.45. (a) (1) For the 2001–02 fiscal year, the Superintendent of Public Instruction shall compute an adjustment for each school district, so that no district's 2000–01 base revenue limit per unit of average daily attendance is less than the 2000–01 base revenue limit per unit of average daily attendance above which fall not more than 10 percent of the total statewide units of average daily attendance for each category of school district set forth in subdivision (b).

(2) For purposes of this section, the district base revenue limit and the statewide average base revenue limit shall not include any amounts attributable to Section 45023.4, 46200, or 46201.

(b) Subdivision (a) shall apply to the following school districts, which shall be grouped according to size and type as follows:

District	ADA
Elementary .....	less than 101
Elementary .....	more than 100
High School .....	less than 301
High School .....	more than 300
Unified .....	less than 1,501
Unified .....	more than 1,500

(c) For the 2001–02 fiscal year, the Superintendent of Public Instruction shall determine and allocate on a one-time basis for each school district amounts as follows:

(1) Multiply the amount computed for each school district pursuant to subdivision (a) by the average daily attendance used to calculate the district’s revenue limit for the 2001–02 fiscal year.

(2) Divide forty million dollars (\$40,000,000) appropriated for purposes of this section for the 2001–02 fiscal year by the statewide sum of the amount computed pursuant to paragraph (1).

(3) Multiply the amount computed for the school district pursuant to paragraph (1) of subdivision (a) by the amount computed pursuant to paragraph (2).

(d) (1) For the purposes of calculating the size of a school district pursuant to subdivision (b), the Superintendent of Public Instruction shall include units of average daily attendance of any charter school for which the school district is the chartering agency.

(2) For the purposes of computing the target amounts pursuant to subdivision (a), the Superintendent of Public Instruction shall count all charter school average daily attendance toward the average daily attendance of the school district that is the chartering agency.

(e) Allocations for purposes of this section do not represent adjustments to school district base revenue limits.

(f) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 45. Section 42238.46 of the Education Code is amended to read:

42238.46. (a) For the 2003–04 fiscal year, the Superintendent of Public Instruction shall compute an equalization adjustment for each school district so that no district's 2002–03 adjusted base revenue limit per unit of average daily attendance is less than the 2002–03 fiscal year adjusted base revenue limit above which fall not more ~~that~~ *than* 8.25 percent of the total statewide units of average daily attendance for the appropriate size and type of district listed in subdivision (b).

For purposes of this section, the district adjusted base revenue limit and the statewide average adjusted base revenue limit may not include any amounts attributable to Section 45023.4, 46200, or 46201.

(b) Subdivision (a) applies to the following school districts, which shall be grouped according to size and type as follows:

District	ADA
Elementary .....	less than 101
Elementary .....	more than 100
High School .....	less than 301
High School .....	more than 300
Unified .....	less than 1,501
Unified .....	more than 1,500

(c) The Superintendent of Public Instruction shall compute a revenue limit equalization adjustment for each school district's adjusted base revenue limit per unit of average daily attendance as follows:

(1) Add the products of the amount computed for each school district by the county superintendent pursuant to subdivision (a) and the average daily attendance used to calculate the district's revenue limit for the current fiscal year.

(2) Divide the amount appropriated for purposes of this section for the current fiscal year by the amount computed pursuant to paragraph (1).

(3) Multiply the amount computed for the school district pursuant to subdivision (a) by the amount computed pursuant to paragraph (2).

(d) (1) For purposes of this section only, prior to computing the equalization adjustment pursuant to this section, the Superintendent of Public Instruction shall calculate an adjusted



1 base revenue limit for each district by revising the 2002–03 base  
2 revenue limit of the district to eliminate that portion of the one-time  
3 adjustment to its base revenue limit related to excused absences  
4 made pursuant to Section 42238.8.

5 (2) For the purposes of this section, the 2002–03 statewide  
6 average adjusted base revenue limits determined for the purposes  
7 of subdivision (a) and the fraction computed pursuant to paragraph  
8 (2) of subdivision (c) by the Superintendent of Public Instruction  
9 for the 2002–03 second principal apportionment shall be final, and  
10 shall not be recalculated at subsequent apportionments. In no event  
11 shall the fraction computed pursuant to paragraph (2) of subdivision  
12 (c) exceed 1.00. For the purposes of determining the size of a  
13 district used in subdivision (b), county superintendents of schools,  
14 in conjunction with the Superintendent of Public Instruction, shall  
15 use a school district’s revenue limit average daily attendance for  
16 the 2002–03 fiscal year as determined pursuant to Section 42238.5  
17 and Article 4 (commencing with Section 42280).

18 (3) For the purposes of calculating the size of a school district  
19 pursuant to subdivision (b), the Superintendent of Public Instruction  
20 shall include units of average daily attendance of any charter school  
21 for which the school district is the chartering agency.

22 (4) For the purposes of computing the target amounts pursuant  
23 to subdivision (a), the Superintendent of Public Instruction shall  
24 count all charter school average daily attendance towards the  
25 average daily attendance of the school district that is the chartering  
26 agency.

27 (e) This section shall become inoperative on July 1, 2014, and,  
28 as of January 1, 2015, is repealed, unless a later enacted statute,  
29 that becomes operative on or before January 1, 2015, deletes or  
30 extends the dates on which it becomes inoperative and is repealed.

31 SEC. 46. Section 42238.48 of the Education Code is amended  
32 to read:

33 42238.48. (a) (1) For the 2006–07 fiscal year, the  
34 Superintendent shall compute an equalization adjustment for each  
35 school district, so that the 2005–06 base revenue limit per unit  
36 average daily attendance of a school district is not less than the  
37 2005–06 base revenue limit per unit of average daily attendance  
38 above which fall not more than 10 percent of the total statewide  
39 units of average daily attendance for each category of school  
40 district set forth in subdivision (b).

(2) For purposes of this section, the base revenue limit shall not include any amounts attributable to Section 45023.4, 46200, or 46201.

(b) Subdivision (a) shall apply to the following school districts, which shall be grouped according to size and type as follows:

District	ADA
Elementary .....	less than 101
Elementary .....	more than 100
High School .....	less than 301
High School .....	more than 300
Unified .....	less than 1,501
Unified .....	more than 1,500

(c) The Superintendent shall compute a revenue limit equalization adjustment for each school district's base revenue limit per unit of average daily attendance as follows:

(1) Multiply the amount computed for each school district pursuant to subdivision (a) by the average daily attendance used to calculate the revenue limit for the 2006–07 fiscal year of a school district.

(2) Divide the amount appropriated for purposes of this section for the 2006–07 fiscal year by the statewide sum of the amount computed pursuant to paragraph (1).

(3) Multiply the amount computed for the school district pursuant to paragraph (1) of subdivision (a) by the amount computed pursuant to paragraph (2).

(d) (1) For the purposes of this section, the 2005–06 statewide 90th percentile base revenue limit determined pursuant to paragraph (1) of subdivision (a), and the fraction computed pursuant to paragraph (2) of subdivision (c) for the 2005–06 second principal apportionment, shall be final, and shall not be recalculated at subsequent apportionments. The fraction computed pursuant to paragraph (2) of subdivision (c) shall not exceed 1.00. For purposes of determining the size of a school district pursuant to subdivision (b), county superintendents of schools, in conjunction with the Superintendent, shall use school district revenue limit average daily attendance for the 2005–06 fiscal year as determined pursuant to Section 42238.5 and Article 4 (commencing with Section 42280).

(2) For the purposes of calculating the size of a school district pursuant to subdivision (b), the Superintendent shall include units of average daily attendance of any charter school for which the school district is the sponsoring local educational agency.

(3) For the purposes of computing the target amounts pursuant to subdivision (a), the Superintendent shall count all charter school average daily attendance toward the average daily attendance of the school district that is the sponsoring local educational agency.

(e) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 47. Section 42238.485 of the Education Code is amended to read:

42238.485. (a) For the 2010–11 fiscal year, the Superintendent shall compute an adjustment for each school district by dividing each school district’s 2007–08 fiscal year average daily attendance into the sum of the following:

(1) Funding for Meals for Needy Pupils programs received by the school district for the 2007–08 fiscal year pursuant to Section 42241.2, as it read on January 1, 2009.

(2) Funding incentives to increase beginning teachers’ salaries received by the school district for the 2007–08 fiscal year pursuant to Sections 45023.1 and 45023.4, as those sections read on January 1, 2009.

(b) For purposes of this section, average daily attendance shall be computed pursuant to Section 42238.5.

(c) Notwithstanding any other provision of this section, no funding specified in this section shall be added to the adjustment computed pursuant to subdivision (a) if that funding is currently included in a school district’s base revenue limit calculated pursuant to Section 42238.

(d) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 48. Section 42238.49 of the Education Code is amended to read:

42238.49. (a) (1) For the 2011–12 fiscal year, the Superintendent shall compute an equalization adjustment for each

1 school district, so that the 2010–11 base revenue limit per unit of  
 2 average daily attendance of a school district is not less than the  
 3 2010–11 base revenue limit per unit of average daily attendance  
 4 above which fall not more than 10 percent of the total statewide  
 5 units of average daily attendance for each category of school  
 6 district set forth in subdivision (b).

7 (2) For purposes of this section, the base revenue limit shall not  
 8 include any amounts attributable to Section 45023.4, 46200, or  
 9 46201.

10 (b) Subdivision (a) shall apply to the following school districts,  
 11 which shall be grouped according to size and type as follows:

District	ADA
14 Elementary.....	less than 101
15 Elementary.....	more than 100
16 High School.....	less than 301
17 High School.....	more than 300
18 Unified.....	less than 1,501
19 Unified.....	more than 1,500

21 (c) The Superintendent shall compute a revenue limit  
 22 equalization adjustment for each school district's base revenue  
 23 limit per unit of average daily attendance as follows:

24 (1) Multiply the amount computed for each school district  
 25 pursuant to subdivision (a) by the average daily attendance used  
 26 to calculate the revenue limit for the 2011–12 fiscal year of a school  
 27 district.

28 (2) Divide the amount appropriated from the Supplemental  
 29 Education Payment Account for purposes of this section for the  
 30 2011–12 fiscal year by the statewide sum of the amounts computed  
 31 pursuant to paragraph (1).

32 (3) Multiply the amount computed for the school district  
 33 pursuant to paragraph (1) of subdivision (a) by the amount  
 34 computed pursuant to paragraph (2).

35 (d) (1) For the purposes of this section, the 2010–11 statewide  
 36 90th percentile base revenue limit determined pursuant to paragraph  
 37 (1) of subdivision (a), and the fraction computed pursuant to  
 38 paragraph (2) of subdivision (c) for the 2010–11 second principal  
 39 apportionment, shall be final, and shall not be recalculated at  
 40 subsequent apportionments. The fraction computed pursuant to

1 paragraph (2) of subdivision (c) shall not exceed 1.00. For purposes  
2 of determining the size of a school district pursuant to subdivision  
3 (b), county superintendents of schools, in conjunction with the  
4 Superintendent, shall use school district revenue limit average  
5 daily attendance for the 2010–11 fiscal year as determined pursuant  
6 to Section 42238.5 and Article 4 (commencing with Section  
7 42280).

8 (2) For the purposes of calculating the size of a school district  
9 pursuant to subdivision (b), the Superintendent shall include units  
10 of average daily attendance of any charter school for which the  
11 school district is the sponsoring local educational agency.

12 (3) For the purposes of computing the target amounts pursuant  
13 to subdivision (a), the Superintendent shall count all charter school  
14 average daily attendance toward the average daily attendance of  
15 the school district that is the sponsoring local educational agency.

16 (e) This section shall become inoperative on July 1, 2014, and,  
17 as of January 1, 2015, is repealed, unless a later enacted statute,  
18 that becomes operative on or before January 1, 2015, deletes or  
19 extends the dates on which it becomes inoperative and is repealed.

20 SEC. 49. Section 42238.5 of the Education Code is amended  
21 to read:

22 42238.5. (a) For purposes of Section 42238, the fiscal year  
23 average daily attendance shall be computed pursuant to paragraph  
24 (1) or (2).

25 (1) The second principal apportionment regular average daily  
26 attendance for either the current or prior fiscal year, whichever is  
27 greater. However, prior fiscal year average daily attendance shall  
28 be adjusted for any loss or gain of average daily attendance due  
29 to a reorganization or transfer of territory, or, commencing in the  
30 1993–94 fiscal year, and each fiscal year thereafter, for any change  
31 in average daily attendance for pupils who are concurrently enrolled  
32 in adult programs and classes pursuant to Section 52616.17.

33 (2) Any school district that elects to receive funding pursuant  
34 to Article 4 (commencing with Section 42280) shall compute its  
35 units of average daily attendance for purposes of Section 42238  
36 by subtracting the amount determined in subparagraph (B) from  
37 the amount determined in subparagraph (A).

38 (A) The units of average daily attendance computed pursuant  
39 to paragraph (1).

1 (B) The units of average daily attendance resulting from pupils  
2 attending schools funded pursuant to Article 4 (commencing with  
3 Section 42280).

4 (b) For purposes of this article, regular average daily attendance  
5 shall be the base revenue limit average daily attendance, excluding  
6 summer school average daily attendance.

7 (c) For purposes of this section, for the 1998–99 fiscal year  
8 only, the prior year average daily attendance shall be the 1997–98  
9 regular average daily attendance, excluding absences excused  
10 pursuant to subdivision (b) of Section 46010, as that subdivision  
11 read on July 1, 1996.

12 (d) This section shall become inoperative on July 1, 2014, and,  
13 as of January 1, 2015, is repealed, unless a later enacted statute,  
14 that becomes operative on or before January 1, 2015, deletes or  
15 extends the dates on which it becomes inoperative and is repealed.

16 SEC. 50. Section 42238.51 of the Education Code is amended  
17 to read:

18 42238.51. (a) For purposes of paragraph (1) of subdivision  
19 (a) of Section 42238.5, a sponsoring school district's average daily  
20 attendance shall be computed as follows:

21 (1) Compute the sponsoring school district's regular average  
22 daily attendance in the current year, excluding the attendance of  
23 pupils in charter schools.

24 (2) (A) Compute the regular average daily attendance used to  
25 calculate the second principal apportionment of the school district  
26 for the prior year, excluding the attendance of pupils in charter  
27 schools.

28 (B) Compute the attendance of pupils who attended one or more  
29 noncharter schools of the school district between July 1, and the  
30 last day of the second period, inclusive, in the prior year, and who  
31 attended a charter school sponsored by the school district between  
32 July 1, and the last day of the second period, inclusive, in the  
33 current year. For the purposes of this paragraph, a pupil enrolled  
34 in a grade at a charter school sponsored by the school district shall  
35 not be counted if the school district does not offer classes for pupils  
36 enrolled in that grade. The amount of the attendance counted for  
37 any pupil for the purpose of this subparagraph may not be greater  
38 than the attendance claimed for that pupil by the charter school in  
39 the current year.

1 (C) Compute the attendance of pupils who attended a charter  
2 school sponsored by the school district in the prior year and who  
3 attended one or more noncharter schools of the school district in  
4 the current year. The amount of the attendance counted for any  
5 pupil for the purpose of this subparagraph may not be greater than  
6 the attendance claimed for that pupil by the school district in the  
7 current year.

8 (D) From the amount determined pursuant to subparagraph (B),  
9 subtract the amount determined pursuant to subparagraph (C). If  
10 the result is less than zero, the amount shall be deemed to be zero.

11 (E) The prior year average daily attendance determined pursuant  
12 to subparagraph (A) shall be reduced by the amount determined  
13 pursuant to subparagraph (D).

14 (3) To the greater of the amounts computed pursuant to  
15 paragraphs (1) and (2), add the regular average daily attendance  
16 in the current year of all pupils attending charter schools sponsored  
17 by the district that are not funded pursuant to Article 2  
18 (commencing with Section 47633) of Chapter 6 of Part 26.

19 (b) For the purposes of this section, a “sponsoring school  
20 district” shall mean a “sponsoring local educational agency,” as  
21 defined in Section 47632.

22 (c) This section shall become inoperative on July 1, 2014, and,  
23 as of January 1, 2015, is repealed, unless a later enacted statute,  
24 that becomes operative on or before January 1, 2015, deletes or  
25 extends the dates on which it becomes inoperative and is repealed.

26 SEC. 51. Section 42238.52 of the Education Code is amended  
27 to read:

28 42238.52. (a) Notwithstanding any other provision of law, the  
29 prior year average daily attendance for a school district determined  
30 pursuant to subdivision (b) of Section 42238.51 shall be increased  
31 by the prior year second principal apportionment average daily  
32 attendance of district residents only of any school that meets the  
33 following description:

34 (1) The school was a district noncharter school in any year prior  
35 to the prior year.

36 (2) The school was operated as a district-approved charter school  
37 in the prior year.

38 (3) The school is again operated as a district noncharter school  
39 in the current year.

(b) An adjustment to prior year average daily attendance pursuant to this section may not be made for the attendance of pupils who were not residents of the school district in the prior year.

(c) This section applies to the 2000–01 fiscal year and subsequent fiscal years.

(d) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 52. Section 42238.53 of the Education Code is amended to read:

42238.53. (a) Sections 42238.51 and 42238.52 do not apply to resident pupils in charter schools operating under the districtwide charter of a district that has converted all of its schools to charter status pursuant to Section 47606 and has elected not to be funded pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.

(b) For the purposes of this section, “resident pupils” means pupils who reside in, and are otherwise eligible to attend, a school in the specified district.

(c) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 53. Section 42238.6 of the Education Code is amended to read:

42238.6. (a) The fiscal year average daily attendance computed under Section 42238.5 shall be increased, for each school district that operates any school that meets the eligibility requirements set forth in subdivision (b), by the number of child days of attendance of pupils enrolled in eligible schools in the district who are currently migratory children, as defined by Section 54441, and who are residing in state-operated migrant housing projects between the second principal apportionment and the end of the regular school year, divided by the number of days school was actually taught in the regular day schools of the district, excluding Saturdays and Sundays.

(b) For a school to be eligible for the purposes of this section, the following conditions shall apply:



1 (1) One or more state-operated migrant housing projects are  
2 located within the attendance area of the school.

3 (2) The maximum number of pupils enrolled in the school in  
4 the relevant fiscal year who are currently migratory children, as  
5 calculated under subdivision (a), constitutes not less than one-third  
6 of the total pupil enrollment of the school.

7 (c) The Superintendent of Public Instruction shall establish rules  
8 and regulations for the implementation of this section.

9 (d) This section shall become inoperative on July 1, 2014, and,  
10 as of January 1, 2015, is repealed, unless a later enacted statute,  
11 that becomes operative on or before January 1, 2015, deletes or  
12 extends the dates on which it becomes inoperative and is repealed.

13 SEC. 54. Section 42238.7 of the Education Code is amended  
14 to read:

15 42238.7. (a) The governing board of each school district, as  
16 a condition of apportionment, shall report to the Superintendent  
17 of Public Instruction, not later than May 1, 1998, and September  
18 1, 1998, respectively, the portion of the attendance in the schools  
19 and classes maintained by the district that was reported for each  
20 of the 1996–97 and 1997–98 school years pursuant to Section  
21 41601 that consisted of absences excused pursuant to subdivision  
22 (b) of Section 46010 and to Section 46015, as those sections read  
23 on July 1, 1996.

24 (b) This section shall become inoperative on July 1, 2014, and,  
25 as of January 1, 2015, is repealed, unless a later enacted statute,  
26 that becomes operative on or before January 1, 2015, deletes or  
27 extends the dates on which it becomes inoperative and is repealed.

28 SEC. 55. Section 42238.75 of the Education Code is amended  
29 to read:

30 42238.75. Notwithstanding any other provision of law:

31 (a) All completed audits, including those on appeal, of school  
32 districts, charter schools, and county offices of education funded  
33 by Item 8860-025-0001 of Section 2.00 of Chapter 50 of the  
34 Statutes of 1999, Item 8860-025-0001 of Section 2.00 of Chapter  
35 52 of the Statutes of 2000, and Item 8860-025-0001 of Section  
36 2.00 of Chapter 106 of the Statutes of 2001, and any findings of  
37 those audits, are withdrawn, and no loss of apportionment arising  
38 from the findings of those audits shall be realized.

39 (b) All audits funded by Item 8860-025-0001 of Section 2.00  
40 of Chapter 50 of the Statutes of 1999, Item 8860-025-0001 of

1 Section 2.00 of Chapter 52 of the Statutes of 2000, and Item  
2 8860-025-0001 of Section 2.00 of Chapter 106 of the Statutes of  
3 2001, shall be discontinued.

4 (c) The Controller shall notify all school districts, charter  
5 schools, and county offices of education that it is no longer  
6 necessary to retain records supporting pupil attendance and excused  
7 absences used for purposes of calculating average daily attendance  
8 during the 1996–97 fiscal year.

9 (d) This section shall become inoperative on July 1, 2014, and,  
10 as of January 1, 2015, is repealed, unless a later enacted statute,  
11 that becomes operative on or before January 1, 2015, deletes or  
12 extends the dates on which it becomes inoperative and is repealed.

13 SEC. 56. Section 42238.8 of the Education Code is amended  
14 to read:

15 42238.8. (a) Effective July 1, 1998, the Superintendent of  
16 Public Instruction shall make a one-time adjustment to the revenue  
17 limit per unit of average daily attendance of each school district.  
18 This one-time adjustment shall apply for the 1998–99 fiscal year,  
19 and for each fiscal year thereafter, but not for any year prior to  
20 1998–99, and shall be accomplished by revision of the prior fiscal  
21 year revenue limit per unit of average daily attendance, as follows:

22 (1) Determine a revised revenue limit per unit of average daily  
23 attendance for the 1996–97 fiscal year as follows:

24 (A) For each school district that had its revenue limit funding  
25 for the 1996–97 fiscal year calculated on the basis of its 1996–97  
26 average daily attendance pursuant to paragraph (1) of subdivision  
27 (a) of Section 42238.5, the revised revenue limit per unit of average  
28 daily attendance shall equal the adjusted total base revenue limit  
29 determined pursuant to paragraph (2) divided by the adjusted  
30 average daily attendance determined pursuant to subparagraph (A)  
31 of paragraph (3).

32 (B) For each school district that had its revenue limit funding  
33 for the 1996–97 fiscal year calculated on the basis of its 1995–96  
34 average daily attendance pursuant to paragraph (1) of subdivision  
35 (a) of Section 42238.5, the revised revenue limit per unit of average  
36 daily attendance shall equal the adjusted total base revenue limit  
37 determined pursuant to paragraph (2) divided by the adjusted  
38 average daily attendance determined pursuant to subparagraphs  
39 (B), (C), and (D) of paragraph (3).

1 (2) Determine the amount of the 1996–97 total base revenue  
2 limit funding received pursuant to Section 42238 for growth and  
3 nongrowth average daily attendance, including, as nongrowth  
4 average daily attendance, attendance in necessary small schools  
5 in the year determined to be the greater pursuant to paragraph (1)  
6 of subdivision (a) of Section 42238.5 for the 1996–97 fiscal year,  
7 but excluding attendance in nonpublic, nonsectarian schools,  
8 county office operated special education, and county community  
9 school programs.

10 (3) (A) Reduce the average daily attendance figure used to  
11 make the determination set forth in paragraph (2) by the amount  
12 of average daily attendance included in that figure for excused  
13 absences pursuant to subdivision (b) of Section 46010 as that  
14 subdivision read on July 1, 1996.

15 (B) Determine the second principal apportionment average daily  
16 attendance for the 1996–97 fiscal year, including attendance in  
17 necessary small schools and attendance for excused absences  
18 pursuant to subdivision (b) of Section 46010 as it read on July 1,  
19 1996, but excluding attendance, including attendance for excused  
20 absences, in nonpublic, nonsectarian schools, county-operated  
21 special education programs, and county community schools.

22 (C) Determine the second principal apportionment average daily  
23 attendance for the 1996–97 fiscal year, including attendance in  
24 necessary small schools, but excluding attendance in nonpublic,  
25 nonsectarian schools, county-operated special education programs,  
26 and county community schools and for excused absences pursuant  
27 to subdivision (b) of Section 46010 as it read on July 1, 1996.

28 (D) Calculate the adjusted revenue limit average daily attendance  
29 by multiplying the average daily attendance figure used to make  
30 the determination set forth in paragraph (2) by the quotient of the  
31 amount determined pursuant to subparagraph (C) divided by the  
32 amount determined pursuant to subparagraph (B).

33 (4) Recalculate the 1997–98 fiscal year revenue limit per unit  
34 of average daily attendance to reflect the revision in the 1996–97  
35 revenue limit per unit of average daily attendance determined  
36 pursuant to paragraph (1).

37 (b) The calculations made pursuant to paragraphs (1) and (4)  
38 of subdivision (a) shall not be used for apportionment purposes  
39 for either of the fiscal years referred to in those paragraphs or for  
40 adjustments for those years.

(c) If the governing board of any school district demonstrates to the satisfaction of the Superintendent of Public Instruction that, because of extraordinary circumstances beyond the control of the school district, the amount of absences excused in one or more district programs in *the 1996–97* fiscal year ~~1996–97~~ pursuant to subdivision (b) of Section 46010 as it read on July 1, 1996, was significantly lower than it would ordinarily have been in comparison to the amount of actual attendance in *the 1996–97* fiscal year ~~1996–97~~, the Superintendent of Public Instruction shall make a compensating adjustment, consistent with the provisions of Section 2 of the Education Code, in the calculation set forth in this section.

(d) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 57. Section 42238.9 of the Education Code is amended to read:

42238.9. (a) The amount per unit of average daily attendance subtracted pursuant to Section 56712 for revenue limits for pupils in special classes and centers shall be the district's total revenue limit for the current fiscal year computed pursuant to Section 42238, including funds received pursuant to Article 4 (commencing with Section 42280), but excluding the total amount of funds received pursuant to Sections 46200 to 46206, inclusive, and Section 45023.4, as that section read on July 1, 1986, divided by the district's current year average daily attendance pursuant to Section 42238.5. The amount per unit of average daily attendance that is excluded in this calculation for each school district shall be increased for the 1998–99 fiscal year by the quotient for that district of the amount determined pursuant to subparagraph (B) of paragraph (3) of subdivision (a) of Section 42238.8 divided by the amount determined pursuant to subparagraph (C) of paragraph (3) of subdivision (a) of Section 42238.8.

(b) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 58. Section 42238.95 of the Education Code is amended to read:

1 42238.95. (a) The amount per unit of average daily attendance  
2 for pupils in special classes and centers that shall be apportioned  
3 to each county office of education shall be equal to the amount  
4 determined for the district of residence pursuant to Section 42238.9,  
5 increased by the quotient equal to the amount determined pursuant  
6 to paragraph (1) divided by the amount determined pursuant to  
7 paragraph (2). This subdivision only applies to average daily  
8 attendance served by employees of the county office of education.

9 (1) Determine the second principal apportionment average daily  
10 attendance for special education for the county office of education  
11 for the 1996–97 fiscal year, including attendance for excused  
12 absences, divided by the corresponding average daily attendance  
13 excluding attendance for excused absences pursuant to subdivision  
14 (b) of Section 46010 as it read on July 1, 1996, reported pursuant  
15 to Section 41601 for the 1996–97 fiscal year.

16 (2) Determine the second principal apportionment average daily  
17 attendance for the 1996–97 fiscal year, including attendance for  
18 excused absences, for all of the school districts within the county,  
19 excluding average daily attendance for county office special  
20 education and county community school programs and nonpublic  
21 nonsectarian schools, divided by the corresponding average daily  
22 attendance, excluding attendance for excused absences determined  
23 pursuant to subdivision (b) of Section 46010 as it read on July 1,  
24 1996, and reported pursuant to Section 41601 for the 1996–97  
25 fiscal year.

26 (b) A county office of education shall provide the data required  
27 to perform the calculation specified in paragraph (1) of subdivision  
28 (a) to the Superintendent of Public Instruction in order to be eligible  
29 for the adjustment pursuant to subdivision (a).

30 (c) This section shall become inoperative on July 1, 2014, and,  
31 as of January 1, 2015, is repealed, unless a later enacted statute,  
32 that becomes operative on or before January 1, 2015, deletes or  
33 extends the dates on which it becomes inoperative and is repealed.

34 SEC. 59. Section 42238.11 of the Education Code is amended  
35 to read:

36 42238.11. Notwithstanding any other provision of law, for the  
37 1994–95 fiscal year the county superintendent of schools shall  
38 reduce the total revenue limit for each school district in the  
39 jurisdiction of the county superintendent of schools by the amount  
40 of the decreased employer contributions to the Public Employees’

1 Retirement System resulting from the enactment of Chapter 330  
2 of the Statutes of 1982, adjusted for any changes in those  
3 contributions resulting from subsequent changes in employer  
4 contribution rates, excluding rate changes due to the direct transfer  
5 of the state-mandated portion of the employer contributions to the  
6 Public Employees' Retirement System, through the 1994–95 fiscal  
7 year. The reduction shall be calculated for each school district as  
8 follows:

9 (a) Determine the amount of employer contributions that would  
10 have been made in the 1994–95 fiscal year if the applicable Public  
11 Employees' Retirement System employer contribution rate in effect  
12 immediately prior to the enactment of Chapter 330 of the Statutes  
13 of 1982 were in effect during the 1994–95 fiscal year.

14 For purposes of this calculation, no school district shall have a  
15 contribution rate higher than 13.020 percent.

16 (b) Subtract from the amount determined in subdivision (a) the  
17 actual amount of employer contributions made to the Public  
18 Employees' Retirement System in the 1994–95 fiscal year.

19 (c) For the purposes of this section, employer contributions to  
20 the Public Employees' Retirement System for any of the following  
21 positions shall be excluded from the calculation specified above:

22 (1) Positions or portions of positions supported by federal funds  
23 that are subject to supplanting restrictions.

24 (2) Positions supported by funds received pursuant to Section  
25 42243.6.

26 (3) Positions supported, to the extent of employer contributions  
27 not exceeding twenty-five thousand dollars (\$25,000) by any single  
28 educational agency, from a non-General Fund revenue source  
29 determined to be properly excludable from this section by the  
30 Superintendent of Public Instruction with the approval of the  
31 Director of Finance.

32 (d) For accounting purposes, the reduction made by this  
33 provision may be reflected as an expenditure from appropriate  
34 sources of revenue as directed by the Superintendent of Public  
35 Instruction.

36 (e) The amount of the reduction made by this section shall not  
37 be adjusted by the deficit factor calculated pursuant to Section  
38 42238.145.

39 It is the intent of the Legislature to make adjustments to school  
40 district revenue limits for the 1994–95 fiscal year to reflect savings

1 that these districts will realize in the contributions to the Public  
2 Employees' Retirement System due to a reduced contribution rate  
3 for the 1994–95 fiscal year.

4 This section shall become inoperative on July 1, 2014, and, as  
5 of January 1, 2015, is repealed, unless a later enacted statute, that  
6 becomes operative on or before January 1, 2015, deletes or extends  
7 the dates on which it becomes inoperative and is repealed.

8 SEC. 60. Section 42238.12 of the Education Code is amended  
9 to read:

10 42238.12. (a) For the 1995–96 fiscal year and each fiscal year  
11 thereafter, the county superintendent of schools shall adjust the  
12 total revenue limit for each school district in the jurisdiction of the  
13 county superintendent of schools by the amount of increased or  
14 decreased employer contributions to the Public Employees'  
15 Retirement System resulting from the enactment of Chapter 330  
16 of the Statutes of 1982, adjusted for any changes in those  
17 contributions resulting from subsequent changes in employer  
18 contribution rates, excluding rate changes due to the direct transfer  
19 of the state-mandated portion of the employer contributions to the  
20 Public Employees' Retirement System, through the current fiscal  
21 year. The adjustment shall be calculated for each school district,  
22 as follows:

23 (1) (A) Determine the amount of employer contributions that  
24 would have been made in the current fiscal year if the applicable  
25 Public Employees' Retirement System employer contribution rate  
26 in effect immediately before the enactment of Chapter 330 of the  
27 Statutes of 1982 were in effect during the current fiscal year.

28 (B) For purposes of this calculation, no school district shall have  
29 a contribution rate higher than 13.020 percent.

30 (2) Determine the actual amount of employer contributions  
31 made to the Public Employees' Retirement System in the current  
32 fiscal year.

33 (3) If the amount determined in paragraph (1) for a school  
34 district is greater than the amount determined in paragraph (2), the  
35 total revenue limit computed for that school district shall be  
36 decreased by the amount of the difference between those  
37 paragraphs; or, if the amount determined in paragraph (1) for a  
38 school district is less than the amount determined in paragraph (2),  
39 the total revenue limit for that school district shall be increased by  
40 the amount of the difference between those paragraphs.

1 (4) For the purpose of this section, employer contributions to  
2 the Public Employees' Retirement System for any of the following  
3 positions shall be excluded from the calculation specified above:

4 (A) Positions or portions of positions supported by federal funds  
5 that are subject to supplanting restrictions.

6 (B) Positions supported by funds received pursuant to Section  
7 41540 that are established in order to satisfy court-ordered  
8 desegregation requirements.

9 (C) Positions supported, to the extent of employers'  
10 contributions not exceeding twenty-five thousand dollars (\$25,000)  
11 by any single educational agency, from a non-General Fund  
12 revenue source determined to be properly excludable from this  
13 section by the Superintendent with the approval of the Director of  
14 Finance. Commencing in the 2002–03 fiscal year, only positions  
15 supported from a non-General Fund revenue source determined  
16 to be properly excludable as identified for a particular local  
17 educational agency or pursuant to a blanket waiver by the  
18 Superintendent and the Director of Finance, before the 2002–03  
19 fiscal year, may be excluded pursuant to this paragraph.

20 (5) For accounting purposes, any reduction to school district  
21 revenue limits made by this provision may be reflected as an  
22 expenditure from appropriate sources of revenue as directed by  
23 the Superintendent.

24 (6) The amount of the increase or decrease to the revenue limits  
25 of school districts computed pursuant to paragraph (3) for the  
26 1995–96 to 2002–03 fiscal years, inclusive, may not be adjusted  
27 by the deficit factor applied to the revenue limit of each school  
28 district pursuant to Section 42238.145.

29 (7) For the 2003–04 fiscal year and any fiscal year thereafter,  
30 the revenue limit reduction specified in Section 42238.146 may  
31 not be applied to the amount of the increase or decrease to the  
32 revenue limits of school districts computed pursuant to paragraph  
33 (3).

34 (b) The calculations set forth in paragraphs (1) to (3), inclusive,  
35 of subdivision (a) exclude employer contributions for employees  
36 of charter schools funded pursuant to Article 2 (commencing with  
37 Section 47633) of Chapter 6 of Part 26.8.

38 (c) Funding appropriated through the Budget Act of 2001 or  
39 legislation amending the Budget Act of 2001 for the purpose of  
40 limiting the reductions to revenue limits calculated pursuant to



1 this section and to Section 2558 for the 2001–02 fiscal year shall  
2 be allocated on a one-time basis in the following manner:

3 (1) Each school district and county office of education subject  
4 to a reduced apportionment pursuant to this section or to Section  
5 2558 shall receive a share of the amount described in paragraph  
6 (3) that is proportionate to the reduction in their apportionment  
7 pursuant to this section or to Section 2558 for the 2001–02 fiscal  
8 year as compared to the statewide total reduction that would occur  
9 absent this paragraph.

10 (2) For the 2001–02 fiscal year, instead of the alternative  
11 calculation authorized by paragraph (1), *the* San Francisco Unified  
12 School District shall receive an amount equal to five dollars and  
13 ~~57~~ *fifty-seven* cents (\$5.57) multiplied by its second principal  
14 apportionment average daily attendance for the 2001–02 fiscal  
15 year.

16 (3) Notwithstanding any other law, total allocations pursuant  
17 to this subdivision may not exceed thirty-five million dollars  
18 (\$35,000,000).

19 (d) Thirty-five million dollars (\$35,000,000) is hereby  
20 appropriated from the General Fund for transfer to Section A of  
21 the State School Fund for local assistance for the purpose of  
22 limiting the reductions to revenue limits calculated pursuant to  
23 this section and to Section 2558 for the 2003–04 fiscal year.  
24 Funding from this appropriation shall be allocated in the following  
25 manner:

26 (1) Each school district and county office of education subject  
27 to a reduced apportionment pursuant to this section or to Section  
28 2558 shall receive a share of the amount appropriated in this  
29 subdivision that is proportionate to the reduction in their  
30 apportionment pursuant to this section or to Section 2558 for the  
31 2003–04 fiscal year as compared to the statewide total reduction  
32 that would occur absent this paragraph.

33 (2) For the 2003–04 fiscal year, instead of the alternative  
34 calculation authorized by paragraph (1), the San Francisco Unified  
35 School District shall receive an amount equal to five dollars and  
36 ~~57~~ *fifty-seven* cents (\$5.57) multiplied by its second principal  
37 apportionment average daily attendance for the 2003–04 fiscal  
38 year.

(3) Notwithstanding any other law, total allocations pursuant to this subdivision may not exceed thirty-five million dollars (\$35,000,000) for the 2003–04 fiscal year.

(4) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by this section shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202, for the 2003–04 fiscal year and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for the 2003–04 fiscal year.

(e) For the 2004–05 fiscal year, and each fiscal year thereafter, apportionment reductions pursuant to this section and to Section 2558 shall be limited as follows:

(1) Each school district and county office of education subject to a reduced apportionment pursuant to this section or to Section 2558 shall receive a share of the amount described in paragraph (3) that is proportionate to the reduction in their apportionment pursuant to this section or to Section 2558 for the 2004–05 fiscal year as compared to the statewide total reduction as would occur absent this paragraph.

(2) Instead of the alternative calculation authorized by paragraph (1), the San Francisco Unified School District shall receive funding equal to the amount of funding per unit of average daily attendance specified in paragraph (2) of subdivision (c) as increased annually by cost-of-living adjustments specified in Section 42238.1, multiplied by its second principal apportionment average daily attendance for that fiscal year.

(3) Notwithstanding any other law, total limitations pursuant to this subdivision may not annually exceed thirty-five million dollars (\$35,000,000) as annually increased by the cost-of-living adjustments specified in Section 42238.1, multiplied by the annual statewide percentage growth in total average daily attendance, measured at the second principal apportionment.

(f) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

1 SEC. 61. Section 42238.13 of the Education Code is amended  
2 to read:

3 42238.13. (a) Notwithstanding any other provision of law, for  
4 any elementary school district that meets all of the criteria specified  
5 in subdivision (b), the base revenue limit for the 1988–89 fiscal  
6 year and each subsequent fiscal year computed pursuant to Section  
7 42238 shall be computed as though the 1987–88 base revenue limit  
8 per unit of average daily attendance was two thousand nine hundred  
9 sixty-five dollars (\$2,965). The county superintendent shall  
10 compute the revenue limit on that basis.

11 (b) The revenue limit computation described in subdivision (a)  
12 shall apply to any elementary school district that meets all of the  
13 following criteria:

14 (1) The minority enrollment in the district in the 1987–88 school  
15 year was greater than 98 percent.

16 (2) The AFDC enrollment in the district in the 1987–88 school  
17 year was greater than 32 percent.

18 (3) The district ranked in all of the following categories in the  
19 1986–87 California Assessment Program as follows:

20 (A) Lowest 3 percent for third grade reading.

21 (B) Lowest 2 percent for sixth grade reading.

22 (C) Lowest 1 percent for eighth grade reading.

23 (D) Lowest 1 percent for sixth grade mathematics.

24 (E) Lowest 1 percent for eighth grade mathematics.

25 (F) Lowest 1 percent for history/social science.

26 (G) Lowest 1 percent for science.

27 (4) The district's 1987–88 base revenue limit was 2 percent  
28 below the statewide average for elementary districts and 7 percent  
29 below the county average for elementary districts.

30 (5) The district is under a court order as of the effective date of  
31 this act.

32 (c) This section shall become inoperative on July 1, 2014, and,  
33 as of January 1, 2015, is repealed, unless a later enacted statute,  
34 that becomes operative on or before January 1, 2015, deletes or  
35 extends the dates on which it becomes inoperative and is repealed.

36 SEC. 62. Section 42238.14 of the Education Code is amended  
37 to read:

38 42238.14. (a) For the purposes of this article, the revenue limit  
39 for the 1993–94 fiscal year for each school district determined

1 pursuant to this article and adjusted pursuant to Section 42238.16  
2 shall be reduced by ~~a~~ *an* 8.14 percent deficit factor.

3 (b) This section shall become inoperative on July 1, 2014, and,  
4 as of January 1, 2015, is repealed, unless a later enacted statute,  
5 that becomes operative on or before January 1, 2015, deletes or  
6 extends the dates on which it becomes inoperative and is repealed.

7 SEC. 63. Section 42238.145 of the Education Code is amended  
8 to read:

9 42238.145. For the purposes of this article, the revenue limit  
10 for each school district shall be reduced by a deficit factor, as  
11 follows:

12 (a) (1) For the 1994–95 fiscal year, the revenue limit for each  
13 school district determined pursuant to this article shall be reduced  
14 by an 11.01 percent deficit factor.

15 (2) For the 1995–96 fiscal year, the revenue limit for each school  
16 district determined pursuant to this article shall be reduced by a  
17 10.12 percent deficit factor.

18 (3) For the 1996–97 and 1997–98 fiscal years, the revenue limit  
19 for each school district determined pursuant to this article shall be  
20 reduced by a 9.967 percent deficit factor, as adjusted pursuant to  
21 Section 42238.42.

22 (4) For the 1999–2000 fiscal year, the revenue limit for each  
23 school district determined pursuant to this article shall be reduced  
24 by a 6.996 percent deficit factor.

25 (b) (1) The revenue limit for the 1994–95 fiscal year for each  
26 school district shall be determined as if the revenue limit for each  
27 school district had been determined for the 1993–94 fiscal year  
28 without being reduced by the deficit factor required pursuant to  
29 Section 42238.14.

30 (2) When computing the revenue limit for each school district  
31 for the 1995–96 or any subsequent fiscal year pursuant to this  
32 article, the revenue limit shall be determined as if the revenue limit  
33 for that school district had been determined for the previous fiscal  
34 year without being reduced by the deficit factor specified in this  
35 section.

36 This section shall become inoperative on July 1, 2014, and, as  
37 of January 1, 2015, is repealed, unless a later enacted statute, that  
38 becomes operative on or before January 1, 2015, deletes or extends  
39 the dates on which it becomes inoperative and is repealed.

1 SEC. 64. Section 42238.146 of the Education Code is amended  
2 to read:

3 42238.146. (a) (1) For the 2003–04 fiscal year, the revenue  
4 limit for each school district determined pursuant to this article  
5 shall be reduced by a 1.198 percent deficit factor.

6 (2) For the 2004–05 fiscal year, the revenue limit for each school  
7 district determined pursuant to this article shall be reduced by a  
8 0.323 percent deficit factor.

9 (3) For the 2003–04 and 2004–05 fiscal years, the revenue limit  
10 for each school district determined pursuant to this article shall be  
11 further reduced by a 1.826 percent deficit factor.

12 (4) For the 2005–06 fiscal year, the revenue limit for each school  
13 district determined pursuant to this article shall be reduced by a  
14 0.892 percent deficit factor.

15 (5) For the 2008–09 fiscal year, the revenue limit for each school  
16 district determined pursuant to this article shall be reduced by a  
17 7.844 percent deficit factor.

18 (6) For the 2009–10 fiscal year, the revenue limit for each school  
19 district determined pursuant to this article shall be reduced by—a  
20 an 18.355 percent deficit factor.

21 (7) For the 2010–11 fiscal year, the revenue limit for each school  
22 district determined pursuant to this article shall be reduced by a  
23 17.963 percent deficit factor.

24 (8) For the 2011–12 fiscal year, the revenue limit for each school  
25 district determined pursuant to this article shall be reduced by a  
26 20.404 percent deficit factor.

27 (9) For the 2012–13 fiscal year, the revenue limit for each school  
28 district determined pursuant to this article shall be reduced by a  
29 22.272 percent deficit factor.

30 (b) In computing the revenue limit for each school district for  
31 the 2006–07 fiscal year pursuant to this article, the revenue limit  
32 shall be determined as if the revenue limit for that school district  
33 had been determined for the 2003–04, 2004–05, and 2005–06 fiscal  
34 years without being reduced by the deficit factors specified in  
35 subdivision (a).

36 (c) In computing the revenue limit for each school district for  
37 the 2010–11 fiscal year pursuant to this article, the revenue limit  
38 shall be determined as if the revenue limit for that school district  
39 had been determined for the 2009–10 fiscal year without being  
40 reduced by the deficit factors specified in subdivision (a).

(d) In computing the revenue limit for each school district for the 2011–12 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2010–11 fiscal year without being reduced by the deficit factors specified in subdivision (a).

(e) In computing the revenue limit for each school district for the 2012–13 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2011–12 fiscal year without being reduced by the deficit factors specified in subdivision (a).

(f) In computing the revenue limit for each school district for the 2013–14 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2012–13 fiscal year without being reduced by the deficit factors specified in subdivision (a).

(g) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 65. Section 42238.17 of the Education Code is amended to read:

42238.17. Notwithstanding any other provision of law, for any school district that was reorganized effective July 1, 1992, as a unified school district and that is congruent to a school district that was reorganized as an elementary school district effective July 1, 1990, the Superintendent of Public Instruction shall compute apportionments using the following data:

(a) For the purposes of paragraph (1) of subdivision (d) of Section 42238 for the 1990–91 and 1991–92 fiscal years, the superintendent shall use the actual number of units of average daily attendance for the 1990–91 fiscal year second principal apportionments.

(b) For the purposes of paragraph (1) of subdivision (d) of Section 42238, for the 1992–93 fiscal year and each fiscal year thereafter, the superintendent shall use the actual number of units of average daily attendance for the 1992–93 fiscal year second principal apportionment.

This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that

1 becomes operative on or before January 1, 2015, deletes or extends  
2 the dates on which it becomes inoperative and is repealed.

3 SEC. 66. Section 42238.18 of the Education Code is amended  
4 to read:

5 42238.18. (a) Notwithstanding any other provision of law,  
6 only those pupils enrolled in county office of education programs  
7 while detained in a juvenile hall, juvenile home, day center,  
8 juvenile ranch, juvenile camp, or regional youth educational facility  
9 established pursuant to Article 23 (commencing with Section 850),  
10 Article 24 (commencing with Section 880), and Article 24.5  
11 (commencing with Section 894) of Chapter 2 of Part 1 of Division  
12 2 of the Welfare and Institutions Code shall be counted as juvenile  
13 court school pupils. For purposes of apportionments, those pupils  
14 in a group home housing 25 or more children placed pursuant to  
15 Sections 362, 727, and 730 of the Welfare and Institutions Code  
16 or in any group home housing 25 or more children and operating  
17 one or more additional sites under a central administration for  
18 children placed pursuant to Section 362, 727, or 730 of the Welfare  
19 and Institutions Code shall be reported as county group home and  
20 institutions pupils to the Superintendent and shall be counted as  
21 juvenile court school pupils for purposes of apportionments.

22 (b) Notwithstanding any other provision of law, any county  
23 superintendent of schools operating juvenile court schools, county  
24 group home and institutions schools, or community schools, or  
25 any combination of these schools shall maintain an account in their  
26 general fund to be known as the juvenile court and community  
27 school account, and shall deposit all funds derived from the  
28 operation of juvenile court, county group home and institutions  
29 schools, and community schools into that account. Expenditures  
30 from the juvenile court and community school account shall be  
31 limited to the following:

32 (1) Those expenditures defined as direct costs of instructional  
33 programs by the California State School Accounting Manual,  
34 except that facility costs, including the costs of renting, leasing,  
35 purchasing, remodeling, constructing, or improving buildings and  
36 the costs of purchasing or improving land, shall be allowed as an  
37 instructional cost in the juvenile court and community school fund.  
38 Deferred maintenance contributions made pursuant to Section  
39 17584 may also be allowed as an instructional cost of juvenile  
40 court and county community school programs, provided the

1 contribution does not exceed the program's proportionate share  
2 of total county school service fund expenditures as defined in  
3 Section 17584, and provided the funds are used for deferred  
4 maintenance of juvenile court and county community school  
5 facilities.

6 (2) Expenditures that are defined as documented direct support  
7 costs by the California State School Accounting Manual.

8 (3) Expenditures that are defined as allocated direct support  
9 costs by the California State School Accounting Manual.

10 (4) Other expenditures for support and indirect charges.  
11 However, these charges may not exceed 10 percent of the sum of  
12 the expenditures in paragraphs (1), (2), and (3).

13 Expenditures that represent contract payments to other agencies  
14 for the operation of juvenile court and community school programs  
15 shall be included in the juvenile court and community school  
16 account and the contract costs distributed to the cost categories  
17 defined in paragraphs (1), (2), (3), and (4). At the end of any given  
18 school year the net ending balance in the juvenile court and  
19 community school account may be distributed to a reserved account  
20 for economic contingencies or to a reserved account for capital  
21 outlay, provided that the combined total transferred does not exceed  
22 15 percent of the current year's authorized expenditures as specified  
23 above and also provided that funds placed in the reserved accounts  
24 shall only be expended for juvenile court, county group home and  
25 institutions, or community school programs. The net ending  
26 balance, except for those funds placed in a capital outlay fund,  
27 shall not exceed the greater of 15 percent of the previous year's  
28 expenditures or twenty-five thousand dollars (\$25,000). A county  
29 may accumulate over a period of two or more given school years  
30 a net ending balance in the capital outlay reserved account of more  
31 than 15 percent of the current fiscal year's expenditures under  
32 provisions of a resolution of the governing board. Funds in the  
33 capital outlay reserve are to be used for capital outlay only. The  
34 Superintendent shall require an annual certification by county  
35 superintendents of schools beginning in the 1989-90 fiscal year  
36 that juvenile court, county group home and institutions, and  
37 community school funds have been expended as provided in this  
38 section and shall withhold from the subsequent year's  
39 apportionment an amount equal to any excess ending balance or



1 excess transfers, as provided in this subdivision, in the juvenile  
2 court and community school account.

3 (c) Notwithstanding any other provision of law, pupils who are  
4 referred by the county probation department under Section 601 or  
5 654 of the Welfare and Institutions Code, shall be enrolled and  
6 eligible for apportionments in county community schools only  
7 after an individualized review and certification of the  
8 appropriateness of enrollment in the county group home and  
9 institution's school or county community school. The  
10 individualized review shall include representatives of the court,  
11 the county department of education, the county probation  
12 department, and either the school district of residence or, in cases  
13 in which the pupil resides in a group home or institution, the school  
14 district in which the group home or institution is located, and, in  
15 each case, the school district representative shall agree to the  
16 appropriateness of the proposed placement and pupils so placed  
17 shall have a probation officer assigned to their case.

18 (d) Regardless of the operative date of the amendments to this  
19 section made during the 1997 portion of the 1997–98 Regular  
20 Session, this section, as so amended, shall be implemented as  
21 though it had been operative on July 1, 1996. For the purpose of  
22 implementing this section for the entire 1996–97 fiscal year, the  
23 Superintendent and other public officers shall take all necessary  
24 steps to effect the required adjustments and shall have authority  
25 to adjust allowance computations, apportionments, and  
26 disbursements ordered from Section A of the State School Fund  
27 and other public funds.

28 (e) This section shall become inoperative on July 1, 2014, and,  
29 as of January 1, 2015, is repealed, unless a later enacted statute,  
30 that becomes operative on or before January 1, 2015, deletes or  
31 extends the dates on which it becomes inoperative and is repealed.

32 SEC. 67. Section 42239 of the Education Code is amended to  
33 read:

34 42239. (a) For each fiscal year the Superintendent of Public  
35 Instruction shall compute funding for supplemental instruction for  
36 each school district or charter school by multiplying the number  
37 of pupil hours of supplemental instruction claimed pursuant to  
38 Sections 37252 and 37252.2 by the pupil hour allowance specified  
39 in subdivision (b) or by a pupil hour allowance specified in the

1 annual Budget Act in lieu of the amount computed in subdivision  
2 (b).

3 (b) Hours of supplemental instruction shall be reimbursed at a  
4 rate of three dollars and fifty-three cents (\$3.53) per pupil hour,  
5 adjusted in the 2005–06 fiscal year and subsequent fiscal years as  
6 specified in this section, provided that a different reimbursement  
7 rate may be specified for each fiscal year in the annual Budget Act  
8 that appropriates funding for that fiscal year. This amount shall be  
9 increased annually by the percentage increase pursuant to  
10 subdivision (b) of Section 42238.1 granted to school districts or  
11 charter schools for base revenue limit cost-of-living increases.

12 (c) (1) If appropriated funding is insufficient to pay all claims  
13 made in any fiscal year pursuant to Sections 37252 and 37252.2,  
14 the superintendent shall use any available funding appropriated  
15 for the purposes of reimbursing school districts pursuant to Section  
16 37252 or 37252.2.

17 (2) If appropriated funding is still insufficient to pay all claims  
18 made in any fiscal year pursuant to Section 37252 or 37252.2, the  
19 superintendent shall use any available funding appropriated for  
20 the purposes of reimbursing school districts for supplemental  
21 instruction in the prior fiscal year.

22 (3) If appropriated funding is still insufficient to pay all claims  
23 made in any fiscal year pursuant to Section 37252 or 37252.2, the  
24 superintendent shall use any available funding appropriated for  
25 the purposes of reimbursing school districts for supplemental  
26 instruction in the current fiscal year.

27 (4) The superintendent shall notify the Director of Finance that  
28 there is an insufficiency of funding appropriated for the purposes  
29 of Sections 37252 and 37252.2 only after the superintendent has  
30 exhausted all available balances of appropriations made for the  
31 current or prior fiscal years for the reimbursement of school  
32 districts for supplemental instruction.

33 (d) Notwithstanding any other provision of law, neither the State  
34 Board of Education nor the Superintendent of Public Instruction  
35 may waive any provision of this section.

36 (e) This section shall become inoperative on July 1, 2014, and,  
37 as of January 1, 2015, is repealed, unless a later enacted statute,  
38 that becomes operative on or before January 1, 2015, deletes or  
39 extends the dates on which it becomes inoperative and is repealed.

1 SEC. 68. Section 42240.1 of the Education Code is amended  
2 to read:

3 42240.1. (a) Any elementary school district with less than  
4 2,501 units of average daily attendance in grades kindergarten to  
5 6, inclusive, for the second principal apportionment in the 1978–79  
6 fiscal year, whose 7th and 8th grade pupils were being educated  
7 by a high school district pursuant to Article 5 (commencing with  
8 Section 37060) of Chapter 1 of Part 22 during the 1978–79 fiscal  
9 year, shall be entitled to the revenue limit adjustment computed  
10 pursuant to Section 42240 beginning with the 1981–82 fiscal year.

11 (b) This section shall become inoperative on July 1, 2014, and,  
12 as of January 1, 2015, is repealed, unless a later enacted statute,  
13 that becomes operative on or before January 1, 2015, deletes or  
14 extends the dates on which it becomes inoperative and is repealed.

15 SEC. 69. Section 42241.3 of the Education Code is amended  
16 to read:

17 42241.3. (a) This section applies only to the funding generated  
18 by the average daily attendance of pupils attending a charter school  
19 that has operated as a charter school since prior to July 1, 2005, if  
20 a unified school district has been the sponsoring local educational  
21 agency as defined in subdivision (i) of Section 47632, and if the  
22 unified school district was governed by Section 47660 as that  
23 section read on December 31, 2005.

24 (b) For the 2005–06 fiscal year only, the revenue limit funding  
25 of a unified school district, other than a unified school district that  
26 has converted all of its schools to charter status pursuant to Section  
27 47606 and is operating them as charter schools, shall be increased  
28 or decreased to reflect ~~half~~ *one-half* of the difference between the  
29 funding provided for the base revenue limit per unit of average  
30 daily attendance of the unified school district as set forth in Section  
31 42238 and the general-purpose entitlement per unit of average  
32 daily attendance of the charter school as set forth in Section 47633.

33 (c) This section shall become inoperative on July 1, 2014, and,  
34 as of January 1, 2015, is repealed, unless a later enacted statute,  
35 that becomes operative on or before January 1, 2015, deletes or  
36 extends the dates on which it becomes inoperative and is repealed.

37 SEC. 70. Section 42241.7 of the Education Code is amended  
38 to read:

39 42241.7. (a) For the 1978–79 fiscal year, and each fiscal year  
40 thereafter, the revenue limit of any elementary, high, or unified

1 school district authorized pursuant to Sections 42237 and 42238  
2 may be increased by an amount sufficient to provide additional  
3 revenue equal to the expenditures estimated to be incurred by the  
4 district in the budget year in complying with the following  
5 provisions of the Unemployment Insurance Code: Sections 605  
6 and 803, Article 6 (commencing with Section 821) of Chapter 3  
7 of Part 1 of Division 1, or Article 3 (commencing with Section  
8 976) of Chapter 4 of Part 1 of Division 1, less the actual  
9 expenditures incurred by the district in the 1975–76 fiscal year in  
10 complying with the following provisions of the Unemployment  
11 Insurance Code: Section 605.2 and Article 6 (commencing with  
12 Section 821) of Chapter 3 of Part 1 of Division 1.

13 (b) If, at the end of any fiscal year, the actual expenditures of  
14 the district specified in subdivision (a) are less than the revenue  
15 derived from the increase in revenue limit provided in subdivision  
16 (a) for that fiscal year, the difference shall be used in the following  
17 fiscal year exclusively for expenditures required pursuant to the  
18 Unemployment Insurance Code provisions specified in subdivision  
19 (a).

20 (c) If, at the end of any fiscal year, the actual expenditures of  
21 the district specified in subdivision (a) exceed the revenue derived  
22 from the increase in revenue limit provided in subdivision (a) for  
23 that fiscal year, the difference may be added to the increase in  
24 revenue limit, authorized pursuant to this section, in the following  
25 fiscal year.

26 (d) (1) For the 1994–95 to 2002–03 fiscal years, inclusive, the  
27 adjustment computed pursuant to this section shall not be adjusted  
28 by the deficit factor applied to the revenue limit of each school  
29 district pursuant to Section 42238.145.

30 (2) For the 2003–04 fiscal year and each fiscal year thereafter,  
31 the revenue limit reduction specified in Section 42238.146 may  
32 not be applied to the adjustment computed pursuant to this section.

33 (e) Expenditures for employees of charter schools funded  
34 pursuant to Article 2 (commencing with Section 47633) of Chapter  
35 6 of Part 26.8 are excluded from the calculations set forth in this  
36 section.

37 (f) This section shall become inoperative on July 1, 2014, and,  
38 as of January 1, 2015, is repealed, unless a later enacted statute,  
39 that becomes operative on or before January 1, 2015, deletes or  
40 extends the dates on which it becomes inoperative and is repealed.

1 SEC. 71. Section 42243.7 of the Education Code is amended  
2 to read:

3 42243.7. (a) For any school district that commenced operations  
4 on or after June 30, 1978, or for any school district that receives  
5 approval from the department for a new continuation education  
6 high school for the 1979–80 fiscal year, or any fiscal year  
7 thereafter, the Superintendent of Public Instruction shall compute  
8 an adjustment to the district revenue limit pursuant to this section.

9 (b) Determine the amount of foundation program that the district  
10 would have been entitled to pursuant to subdivision (a) of Section  
11 41711, as that section read on July 1, 1977, if the district had  
12 operated during the 1977–78 fiscal year, utilizing the number of  
13 units of average daily attendance attending high school in the  
14 district in the fiscal year for which the revenue limit is being  
15 computed.

16 (c) Determine the amount of foundation program that the district  
17 would have been entitled to pursuant to paragraph (1) of  
18 subdivision (b) of Section 41711, as that section read on July 1,  
19 1977, if the district had operated during the 1977–78 fiscal year,  
20 utilizing the same number of units of average daily attendance  
21 used in subdivision (b) of this section.

22 (d) Subtract the amount determined pursuant to subdivision (c)  
23 from the amount computed pursuant to subdivision (b).

24 (e) The amount computed pursuant to subdivision (d), if greater  
25 than zero, shall be added to the revenue limit computed pursuant  
26 to subdivision (c) of Section 42237 or pursuant to Section 42238.  
27 If the amount in subdivision (d) is less than zero there is no  
28 adjustment.

29 (f) The Superintendent of Public Instruction shall reduce by the  
30 amount computed pursuant to subdivision (e) the revenue limit  
31 computed pursuant to Section 42238 of any district discontinuing  
32 the operation of a continuation education school approved pursuant  
33 to subdivision (a).

34 (g) (1) For the 1994–95 to 2002–03 fiscal years, inclusive, the  
35 adjustment computed pursuant to this section may not be adjusted  
36 by the deficit factor applied to the revenue limit of each school  
37 district pursuant to Section 42238.145.

38 (2) For the 2003–04 fiscal year and each fiscal year thereafter,  
39 the revenue limit reduction specified in Section 42238.146 may  
40 not be applied to the adjustment computed pursuant to this section.

(h) The adjustment computed pursuant to this section for a new continuation education high school may be applicable for any unified school district that was not fully operational during the first year of operation of the continuation education high school. The number of units of average daily attendance to be used in computing the adjustment shall be the number of units of average daily attendance generated by the continuation education high school in the district for the first year that the district is fully operational in all grades.

(i) In the 1998–99 fiscal year and each fiscal year thereafter, the ranges of average daily attendance resulting from the calculation set forth in this section pursuant to Section 41711, as that section read on July 1, 1977, shall be reduced by the statewide average percentage that absences excused pursuant to subdivision (b) of Section 46010, as that section read on July 1, 1996, were of total second principal apportionment regular average daily attendance for high schools in 1996–97, with the reduced ranges then rounded to the nearest integer.

(j) Commencing with the 2005–06 fiscal year and notwithstanding any provision of law, the amount of the adjustment calculated pursuant to this section shall not be added to the revenue limit of a school district, but shall be used in determining the amount of the pupil retention block grant awarded a school district pursuant to Article 1 (commencing with Section 41500) of Chapter 3.2.

(k) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 72. Section 46201.2 of the Education Code is amended to read:

46201.2. (a) Commencing with the 2009–10 school year and continuing through the 2013–14 school year, a school district, county office of education, or charter school may reduce the equivalent of up to five days of instruction or the equivalent number of instructional minutes without incurring the penalties set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5, 46202, and 47612.5. A school district, county office of education, or charter school shall receive revenue limit funding based on the

1 adjustments prescribed pursuant to Section 42238.146 whether or  
2 not it reduces the number of schooldays or instructional minutes.

3 (b) This section shall become inoperative on July 1, 2014, and,  
4 as of January 1, 2015, is repealed, unless a later enacted statute,  
5 that becomes operative on or before January 1, 2015, deletes or  
6 extends the dates on which it becomes inoperative and is repealed.

7 SEC. 73. Section 46201.2 is added to the Education Code, to  
8 read:

9 46201.2. (a) Commencing with the 2009–10 school year and  
10 continuing through the 2013–14 school year, a school district,  
11 county office of education, or charter school may reduce the  
12 equivalent of up to five days of instruction or the equivalent  
13 number of instructional minutes without incurring the penalties  
14 set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5,  
15 46202, and 47612.5, as those sections read on January 1, 2014. A  
16 school district, county office of education, or charter school shall  
17 receive revenue limit funding based on the adjustments prescribed  
18 pursuant to Section 42238.146, as it read on January 1, 2014,  
19 whether or not it reduces the number of schooldays or instructional  
20 minutes.

21 (b) For the 2014–15 school year, a school district, county office  
22 of education, or charter school may reduce the equivalent of up to  
23 five days of instruction or the equivalent number of instructional  
24 minutes without incurring the penalties set forth in Sections 41420,  
25 46200, 46200.5, 46201, 46201.5, 46202, and 47612.5.

26 (c) This section shall become operative on July 1, 2014.

27 (d) This section shall become inoperative on July 1, 2015, and,  
28 as of January 1, 2016, is repealed, unless a later enacted statute,  
29 that becomes operative on or before January 1, 2016, deletes or  
30 extends the dates on which it becomes inoperative and is repealed.

31 SEC. 74. Section 47604.33 of the Education Code is amended  
32 to read:

33 47604.33. (a) Each charter school shall annually prepare and  
34 submit the following reports to its chartering authority and the  
35 county superintendent of schools, or only to the county  
36 superintendent of schools if the county board of education is the  
37 chartering authority:

38 (1) On or before July 1, a preliminary budget. For a charter  
39 school in its first year of operation, the information submitted

1 pursuant to subdivision (g) of Section 47605 satisfies this  
2 requirement.

3 (2) On or before December 15, an interim financial report. This  
4 report shall reflect changes through October 31.

5 (3) On or before March 15, a second interim financial report.  
6 This report shall reflect changes through January 31.

7 (4) On or before September 15, a final unaudited report for the  
8 full prior year.

9 (b) The chartering authority shall use any financial information  
10 it obtains from the charter school, including, but not limited to,  
11 the reports required by this section, to assess the fiscal condition  
12 of the charter school pursuant to subdivision (d) of Section  
13 47604.32.

14 (c) The cost of performing the duties required by this section  
15 shall be funded with supervisorial oversight fees collected pursuant  
16 to Section 47613.

17 (d) This section shall become inoperative on July 1, 2014, and,  
18 as of January 1, 2015, is repealed, unless a later enacted statute,  
19 that becomes operative on or before January 1, 2015, deletes or  
20 extends the dates on which it becomes inoperative and is repealed.

21 SEC. 75. Section 47604.33 is added to the Education Code, to  
22 read:

23 47604.33. (a) Each charter school shall annually prepare and  
24 submit the following reports to its chartering authority and the  
25 county superintendent of schools, or only to the county  
26 superintendent of schools if the county board of education is the  
27 chartering authority:

28 (1) On or before July 1, a preliminary budget and a local control  
29 and accountability plan adopted pursuant to Section 52065. For a  
30 charter school in its first year of operation, the information  
31 submitted pursuant to subdivision (g) of Section 47605 satisfies  
32 this requirement.

33 (2) On or before December 15, an interim financial report. This  
34 report shall reflect changes through October 31.

35 (3) On or before March 15, a second interim financial report.  
36 This report shall reflect changes through January 31.

37 (4) On or before September 15, a final unaudited report for the  
38 full prior year.

39 (b) The chartering authority shall use any financial information  
40 it obtains from the charter school, including, but not limited to,



1 the reports required by this section, to assess the fiscal condition  
2 of the charter school pursuant to subdivision (d) of Section  
3 47604.32.

4 (c) The cost of performing the duties required by this section  
5 shall be funded with supervisorial oversight fees collected pursuant  
6 to Section 47613.

7 (d) This section shall become operative on July 1, 2014.

8 SEC. 76. Section 47610 of the Education Code is amended to  
9 read:

10 47610. A charter school shall comply with this part and all of  
11 the provisions set forth in its charter, but is otherwise exempt from  
12 the laws governing school districts, except all of the following:

13 (a) As specified in Section 47611.

14 (b) As specified in Section 41365.

15 (c) All laws establishing minimum age for public school  
16 attendance.

17 (d) The California Building Standards Code (Part 2  
18 commencing with Section 101) of Title 24 of the California Code  
19 of Regulations), as adopted and enforced by the local building  
20 enforcement agency with jurisdiction over the area in which the  
21 charter school is located.

22 (e) Charter school facilities shall comply with subdivision (d)  
23 by January 1, 2007.

24 This section shall become inoperative on July 1, 2014, and, as  
25 of January 1, 2015, is repealed, unless a later enacted statute, that  
26 becomes operative on or before January 1, 2015, deletes or extends  
27 the dates on which it becomes inoperative and is repealed.

28 SEC. 77. Section 47610 is added to the Education Code, to  
29 read:

30 47610. (a) A charter school shall comply with this part and  
31 all of the provisions set forth in its charter, but is otherwise exempt  
32 from the laws governing school districts, except all of the  
33 following:

34 (1) As specified in Section 47611.

35 (2) As specified in Section 41365.

36 (3) As specified in Section 52065.

37 (4) All laws establishing minimum age for public school  
38 attendance.

39 (5) The California Building Standards Code (Part 2  
40 commencing with Section 101) of Title 24 of the California Code

1 of Regulations), as adopted and enforced by the local building  
2 enforcement agency with jurisdiction over the area in which the  
3 charter school is located.

4 (6) Charter school facilities shall comply with paragraph (5) of  
5 subdivision (a) by January 1, 2007.

6 (b) This section shall become operative on July 1, 2014.

7 SEC. 78. Section 47630.5 of the Education Code is amended  
8 to read:

9 47630.5. (a) This chapter applies to the calculation of  
10 operational funding for charter schools. Except as otherwise  
11 provided in this chapter, this chapter shall apply to all charter  
12 schools without regard to their sponsoring local education agency.

13 (b) For the 1999–2000, 2000–01, and 2001–02 fiscal years in  
14 the case of a charter school that was assigned a number by the  
15 State Board of Education prior to June 1, 1999, the use of the  
16 charter school funding method established by this chapter shall be  
17 at the discretion of that charter school. A charter school that elects  
18 to have its funding determined pursuant to the method established  
19 by this chapter shall notify the State Department of Education by  
20 June 1 prior to the affected fiscal year. An election to be funded  
21 pursuant to the method established by this chapter is irrevocable.

22 (c) Additional legal or fiscal responsibilities on the part of a  
23 county superintendent of schools are not imposed by this chapter,  
24 except as specifically provided in this chapter.

25 (d) This section shall become inoperative on July 1, 2014, and,  
26 as of January 1, 2015, is repealed, unless a later enacted statute,  
27 that becomes operative on or before January 1, 2015, deletes or  
28 extends the dates on which it becomes inoperative and is repealed.

29 SEC. 79. Section 47631 of the Education Code is amended to  
30 read:

31 47631. (a) Article 2 (commencing with Section 47633) and  
32 Article 3 (commencing with Section 47636) may not apply to a  
33 charter granted pursuant to Section 47605.5.

34 (b) Notwithstanding subdivision (a), a pupil attending a  
35 county-sponsored charter school who is eligible to attend that  
36 school solely as a result of parental request pursuant to subdivision

37 (b) of Section 1981 shall be funded pursuant to this chapter.

38 (c) This section shall become inoperative on July 1, 2014, and,  
39 as of January 1, 2015, is repealed, unless a later enacted statute,

1 that becomes operative on or before January 1, 2015, deletes or  
2 extends the dates on which it becomes inoperative and is repealed.

3 SEC. 80. Section 47631 is added to the Education Code, to  
4 read:

5 47631. (a) Article 3 (commencing with Section 47636) shall  
6 not apply to a charter granted pursuant to Section 47605.5.

7 (b) Notwithstanding subdivision (a), a pupil attending a  
8 county-sponsored charter school who is eligible to attend that  
9 school solely as a result of parental request pursuant to subdivision  
10 (b) of Section 1981 shall be funded pursuant to the local control  
11 funding formula pursuant to Section 42238.02, as implemented  
12 by Section 42238.03.

13 (c) This section shall become operative on July 1, 2014.

14 SEC. 81. Section 47632 of the Education Code is amended to  
15 read:

16 47632. For purposes of this chapter, the following terms shall  
17 be defined as follows:

18 (a) “General-purpose entitlement” means an amount computed  
19 by the formula set forth in Section 47633 beginning in the  
20 1999–2000 fiscal year, which is based on the statewide average  
21 amounts of general-purpose funding from those state and local  
22 sources identified in Section 47633 received by school districts of  
23 similar type and serving similar pupil populations.

24 (b) “Categorical block grant” means an amount computed by  
25 the formula set forth in Section 47634 beginning in the 1999–2000  
26 fiscal year, which is based on the statewide average amounts of  
27 categorical aid from those sources identified in Section 47634  
28 received by school districts of similar type and serving similar  
29 pupil populations.

30 (c) “General-purpose funding” means those funds that consist  
31 of state aid, local property taxes, and other revenues applied toward  
32 a school district’s revenue limit, pursuant to Section 42238.

33 (d) “Categorical aid” means aid that consists of state or federally  
34 funded programs, or both, which are apportioned for specific  
35 purposes set forth in statute or regulation.

36 (e) “Economic impact aid-eligible pupils” means those pupils  
37 that are included in the economic impact aid-eligible pupil count  
38 pursuant to Section 54023. For purposes of applying Section 54023  
39 to charter schools, “economically disadvantaged pupils” means

1 the pupils described in paragraph (2) of subdivision (a) of Section  
2 54026.

3 (f) “Educationally disadvantaged pupils” means those pupils  
4 who are eligible for subsidized meals pursuant to Section 49552  
5 or are identified as English learners pursuant to subdivision (a) of  
6 Section 306, or both.

7 (g) “Operational funding” means all funding except funding for  
8 capital outlay.

9 (h) “School district of a similar type” means a school district  
10 that is serving similar grade levels.

11 (i) “Similar pupil population” means similar numbers of pupils  
12 by grade level, with a similar proportion of educationally  
13 disadvantaged pupils.

14 (j) “Sponsoring local educational agency” means the following:

15 (1) If a charter school is granted by a school district, the  
16 sponsoring local educational agency is the school district.

17 (2) If a charter is granted by a county office of education after  
18 having been previously denied by a school district, the sponsoring  
19 local educational agency means the school district that initially  
20 denied the charter petition.

21 (3) If a charter is granted by the state board after having been  
22 previously denied by a local educational agency, the sponsoring  
23 local educational agency means the local educational agency  
24 designated by the state board pursuant to paragraph (1) of  
25 subdivision (k) of Section 47605 or if a local educational agency  
26 is not designated, the local educational agency that initially denied  
27 the charter petition.

28 (4) For pupils attending county-sponsored charter schools who  
29 are eligible to attend those schools solely as a result of parental  
30 request pursuant to subdivision (b) of Section 1981, the sponsoring  
31 local educational agency means the pupils’ school district of  
32 residence.

33 (5) For pupils attending countywide charter schools pursuant  
34 to Section 47605.6 who reside in a basic aid school district, the  
35 sponsoring local educational agency means the school district of  
36 residence of the pupil. For purposes of this paragraph, “basic aid  
37 school district” means a school district that does not receive an  
38 apportionment of state funds pursuant to subdivision (h) of Section  
39 42238.

(k) This section shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 82. Section 47632 is added to the Education Code, to read:

47632. (a) For purposes of this chapter, the following terms shall be defined as follows:

(1) “General-purpose entitlement” means an amount computed by the local control funding formula pursuant to Section 42238.02, as implemented by Section 42238.03.

(2) “General-purpose funding” means those funds that consist of state aid, local property taxes, and other revenues applied toward a school district’s local control funding formula, pursuant to Section 42238.02, as implemented by Section 42238.03.

(3) “Categorical aid” means aid that consists of state or federally funded programs, or both, which are apportioned for specific purposes set forth in statute or regulation.

(4) “Educationally disadvantaged pupils” means those pupils who are eligible for subsidized meals pursuant to Section 49552 or are identified as English learners pursuant to subdivision (a) of Section 306, or both.

(5) “Operational funding” means all funding except funding for capital outlay.

(6) “School district of a similar type” means a school district that is serving similar grade levels.

(7) “Similar pupil population” means similar numbers of pupils by grade level, with a similar proportion of educationally disadvantaged pupils.

(8) “Sponsoring local educational agency” means the following:

(A) If a charter school is granted by a school district, the sponsoring local educational agency is the school district.

(B) If a charter is granted by a county office of education after having been previously denied by a school district, the sponsoring local educational agency means the school district that initially denied the charter petition.

(C) If a charter is granted by the state board after having been previously denied by a local educational agency, the sponsoring local educational agency means the local educational agency designated by the state board pursuant to paragraph (1) of

subdivision (k) of Section 47605 or if a local educational agency is not designated, the local educational agency that initially denied the charter petition.

(D) For pupils attending county-sponsored charter schools who are eligible to attend those schools solely as a result of parental request pursuant to subdivision (b) of Section 1981, the sponsoring local educational agency means the pupils' school district of residence.

(E) For pupils attending countywide charter schools pursuant to Section 47605.6 who reside in a basic aid school district, the sponsoring local educational agency means the school district of residence of the pupil. For purposes of this paragraph, "basic aid school district" means a school district that does not receive an apportionment of state funds as described in subdivision ~~(n)~~ (m) of Section 42238.02.

(b) This section shall become operative on July 1, 2014.

SEC. 83. Section 47633 of the Education Code is amended to read:

47633. The Superintendent shall annually compute a general-purpose entitlement, funded from a combination of state aid and local funds, for each charter school as follows:

(a) The Superintendent shall annually compute the statewide average amount of general-purpose funding per unit of average daily attendance received by school districts for each of four grade level ranges: kindergarten and grades 1, 2, and 3; grades 4, 5, and 6; grades 7 and 8; and, grades 9 to 12, inclusive. For purposes of making these computations, both of the following conditions shall apply:

(1) Revenue limit funding attributable to pupils in kindergarten and grades 1 to 5, inclusive, shall equal the statewide average revenue limit funding per unit of average daily attendance received by elementary school districts; revenue limit funding attributable to pupils in grades 6, 7, and 8, shall equal the statewide average revenue limit funding per unit of average daily attendance received by unified school districts; and revenue limit funding attributable to pupils in grades 9 to 12, inclusive, shall equal the statewide average revenue limit funding per unit of average daily attendance received by high school districts.

(2) Revenue limit funding received by school districts shall exclude the value of any benefit attributable to the presence of

1 necessary small schools or necessary small high schools within  
2 the school district.

3 (b) The Superintendent shall multiply each of the four amounts  
4 computed in subdivision (a) by the charter school's average daily  
5 attendance in the corresponding grade level ranges. The resulting  
6 figure shall be the amount of the charter school's general-purpose  
7 entitlement, which shall be funded through a combination of state  
8 aid and local funds. From funds appropriated for this purpose  
9 pursuant to Section 14002, ~~the superintendent~~ *Superintendent* shall  
10 apportion to each charter school this amount, less local funds  
11 allocated to the charter school pursuant to Section 47635 and any  
12 amount received pursuant to subparagraph (B) of paragraph (3) of  
13 subdivision (e) of Section 36 of Article XIII of the California  
14 Constitution.

15 (c) General-purpose entitlement funding may be used for any  
16 public school purpose determined by the governing body of the  
17 charter school.

18 This section shall become inoperative on July 1, 2014, and, as  
19 of January 1, 2015, is repealed, unless a later enacted statute, that  
20 becomes operative on or before January 1, 2015, deletes or extends  
21 the dates on which it becomes inoperative and is repealed.

22 SEC. 84. Section 47634.1 of the Education Code, as added by  
23 Section 24 of Chapter 2 of the Fourth Extraordinary Session of  
24 the Statutes of 2009, is amended to read:

25 47634.1. (a) Notwithstanding subdivision (a) of Section 47634,  
26 a categorical block grant for charter schools for the 2005–06 fiscal  
27 year shall be calculated as follows:

28 (1) The Superintendent shall divide the total amount of funding  
29 appropriated for the purpose of this block grant in the annual  
30 Budget Act or another statute, less the total amount calculated in  
31 paragraph (2), by the statewide total of charter school average  
32 daily attendance, as determined at the second principal  
33 apportionment for the 2005–06 fiscal year.

34 (2) The statewide average amount, as computed by the  
35 Superintendent, of funding per identified educationally  
36 disadvantaged pupil received by school districts in the current  
37 fiscal year pursuant to Article 2 (commencing with Section 54020)  
38 of Chapter 1 of Part 29. This amount shall be multiplied by the  
39 number of educationally disadvantaged pupils enrolled in the  
40 charter school. The resulting amount, if greater than zero, shall

1 not be less than the minimum amount of economic impact aid  
2 funding to which a school district of similar size would be entitled  
3 pursuant to Section 54022. For purposes of this subdivision, a  
4 pupil who is eligible for subsidized meals pursuant to Section  
5 49552 and is identified as an English learner pursuant to  
6 subdivision (a) of Section 306 shall count as two pupils.

7 (3) For each charter school, the Superintendent shall multiply  
8 the amount calculated in paragraph (1) by the school's average  
9 daily attendance as determined at the second principal  
10 apportionment for the 2005–06 fiscal year.

11 (4) The Superintendent shall add the amounts computed in  
12 paragraphs (2) and (3). The resulting amount shall be the charter  
13 school categorical block grant that the Superintendent shall  
14 apportion to each charter school from funds appropriated for this  
15 purpose in the annual Budget Act or another statute. The  
16 Superintendent shall allocate an advance payment of this grant as  
17 early as possible, but no later than October 31, 2005, based on  
18 prior year average daily attendance as determined at the second  
19 principal apportionment or, for a charter school in its first year of  
20 operation that commences instruction on or before September 30,  
21 2005, on estimates of average daily attendance for the current fiscal  
22 year determined pursuant to Section 47652.

23 (b) (1) For the 2006–07 fiscal year, the categorical block grant  
24 allocated by the Superintendent for charter schools shall be four  
25 hundred dollars (\$400) per unit of charter school average daily  
26 attendance as determined at the second principal apportionment  
27 for the 2006–07 fiscal year. This amount shall be supplemented  
28 by the amount calculated in paragraph (2).

29 (2) The statewide average amount, as computed by the  
30 Superintendent, of funding per economic impact aid-eligible pupil  
31 count received by school districts in the current fiscal year,  
32 pursuant to Article 2 (commencing with Section 54020) of Chapter  
33 1 of Part 29, shall be multiplied by the number of economic impact  
34 aid-eligible pupils enrolled in the charter school. The resulting  
35 amount, if greater than zero, shall not be less than the minimum  
36 amount of economic impact aid funding to which a school district  
37 of similar size would be entitled pursuant to Section 54022.

38 (c) (1) For the 2007–08 fiscal year, the categorical block grant  
39 allocated by the Superintendent for charter schools shall be five  
40 hundred dollars (\$500) per unit of charter school average daily



1 attendance as determined at the second principal apportionment  
2 for the 2007–08 fiscal year. For each fiscal year thereafter, this  
3 per unit amount shall be adjusted for the cost-of-living adjustment,  
4 as determined pursuant to Section 42238.1, for that fiscal year.  
5 This amount shall be supplemented in the 2007–08 fiscal year and  
6 each fiscal year thereafter by the amount calculated in paragraph  
7 (2).

8 (2) The statewide average amount, as computed by the  
9 Superintendent, of funding per economic impact aid-eligible pupil  
10 count received by school districts in the current year, pursuant to  
11 Article 2 (commencing with Section 54020) of Chapter 1 of Part  
12 29, shall be multiplied by the number of economic impact  
13 aid-eligible pupils enrolled in the charter school. The resulting  
14 amount, if greater than zero, shall not be less than the minimum  
15 amount of economic impact aid funding to which a school district  
16 of similar size would be entitled pursuant to Section 54022.

17 (d) It is the intent of the Legislature to fully fund the categorical  
18 block grant for charter schools as specified in this section and to  
19 appropriate additional funding that may be needed in order to  
20 compensate for unanticipated increases in average daily attendance  
21 and counts of economic impact aid-eligible pupils, pursuant to  
22 Article 2 (commencing with Section 54020) of Chapter 1 of Part  
23 29, in charter schools. In any fiscal year in which the department  
24 identifies a deficiency in the categorical block grant, the department  
25 shall identify the available balance for programs that count towards  
26 meeting the requirements of Section 8 of Article XVI of the  
27 California Constitution and have unobligated funds for the year.  
28 On or before July 1, the department shall provide the Department  
29 of Finance with a list of those programs and their available  
30 balances, and the amount of the deficiency, if any, in the categorical  
31 block grant. Within 45 days of the receipt of a notification of  
32 deficiency, the Director of Finance shall verify the amount of the  
33 deficiency in the categorical block grant and direct the Controller  
34 to transfer an amount, equal to the lesser of the amount available  
35 or the amount needed to fully fund the categorical block grant,  
36 from those programs to the categorical block grant. The Department  
37 of Finance shall notify the Joint Legislative Budget Committee  
38 within 30 days of any transfer made pursuant to this section.

39 (e) Commencing October 1, 2007, the Legislative Analyst's  
40 Office shall triennially convene a work group to review,

1 commencing with appropriations proposed for the 2008–09 fiscal  
2 year, the appropriateness of the funding level provided by the  
3 categorical block grant established in this section.

4 (f) Categorical block grant funding may be used for any purpose  
5 determined by the governing body of the charter school.

6 (g) This section shall become operative on July 1, 2013.

7 (h) On or after July 1, 2014, this section shall become  
8 inoperative if the categorical programs funded through the  
9 categorical block grant described in this section are instead  
10 included within, or funded by, the local control funding formula  
11 pursuant to Section 42238.02, as implemented by Section 42238.03.

12 *SEC. 85. Section 49085 of the Education Code is amended to*  
13 *read:*

14 ~~49085. (a) The department shall ensure that the California~~  
15 ~~School Information Services system meets the needs of pupils in~~  
16 ~~foster care and includes disaggregated data on pupils in foster care.~~  
17 *and the State Department of Social Services shall develop and*  
18 *enter into a memorandum of understanding that shall, at a*  
19 *minimum, require the State Department of Social Services, at least*  
20 *once per week, to share with the department both of the following:*

21 *(1) Disaggregated information on children and youth in foster*  
22 *care sufficient for the department to identify pupils in foster care.*

23 *(2) Disaggregated data on children and youth in foster care*  
24 *that is helpful to county offices of education and other local*  
25 *educational agencies responsible for ensuring that pupils in foster*  
26 *care received appropriate educational supports and services.*

27 *(b) To the extent allowable under federal law, the department*  
28 *shall regularly identify pupils in foster care and designate those*  
29 *pupils in the California Longitudinal Pupil Achievement Data*  
30 *System or any future data system used by the department to collect*  
31 *disaggregated pupil outcome data.*

32 *(c) To the extent allowable under federal law, the*  
33 *Superintendent, on or before February 15 of each even-numbered*  
34 *year, shall report to the Legislature and the Governor on the*  
35 *educational outcomes for pupils in foster care at both the individual*  
36 *schoolsite level and school district level. The report shall include,*  
37 *but is not limited to, all of the following:*

38 *(1) Individual schoolsite level and school district level*  
39 *educational outcome data for each local educational agency that*

1 enrolls at least 15 pupils in foster care, each county in which at  
2 least 15 pupils in foster care attend school, and for the entire state.

3 (2) The number of pupils in foster care statewide and by each  
4 local educational agency.

5 (3) The academic achievement of pupils in foster care.

6 (4) The incidence of suspension and expulsion for pupils in  
7 foster care.

8 (5) Truancy rates, attendance rates, and dropout rates for pupils  
9 in foster care.

10 (d) To the extent allowable under federal law, the department,  
11 at least once per week, shall do all of the following:

12 (1) Inform school districts and charter schools of any pupils  
13 enrolled in those school districts or charter schools who are in  
14 foster care.

15 (2) Inform county offices of education of any pupils enrolled in  
16 schools in the county who are in foster care.

17 (3) Provide schools districts, county office of education, and  
18 charter schools disaggregated data helpful to ensuring pupils in  
19 foster care receive appropriate educational supports and services.

20 (e) For purposes of this section “pupil in foster care” means a  
21 pupil who is under the jurisdiction of the juvenile court pursuant  
22 to Section 300, 601, or 602 of the Welfare and Institutions Code.

23 SEC. 86. Section 52052 of the Education Code is amended to  
24 read:

25 52052. (a) (1) The Superintendent, with approval of the state  
26 board, shall develop an Academic Performance Index (API), to  
27 measure the performance of schools, especially the academic  
28 performance of pupils.

29 (2) A school shall demonstrate comparable improvement in  
30 academic achievement as measured by the API by all numerically  
31 significant pupil subgroups at the school, including:

32 (A) Ethnic subgroups.

33 (B) Socioeconomically disadvantaged pupils.

34 (C) English learners.

35 (D) Pupils with disabilities.

36 (E) Pupils in foster care.

37 (3) (A) For purposes of this section, *except as specified in*  
38 *subparagraph (B), (C), or (D)*, a numerically significant pupil  
39 subgroup is one that meets both of the following criteria:

1 (i) The subgroup consists of at least ~~50~~ 30 pupils each of whom  
2 has a valid test score.

3 (ii) The subgroup constitutes at least 15 percent of the total  
4 population of pupils at a school who have valid test scores.

5 (B) If a subgroup does not constitute 15 percent of the total  
6 population of pupils at a school who have valid test scores, the  
7 subgroup may constitute a numerically significant pupil subgroup  
8 if it has at least 100 valid test scores.

9 *(C) For a subgroup of pupils in foster care, a numerically*  
10 *significant pupil subgroup is a subgroup that consists of at least*  
11 *15 pupils in foster care. For purposes of this sections “pupil in*  
12 *foster care” means a pupil who is under the jurisdiction of the*  
13 *juvenile court pursuant to Section 300, 601, or 602 of the Welfare*  
14 *and Institutions Code.*

15 ~~(C)~~

16 (D) For a school with an API score that is based on no fewer  
17 than 11 and no more than 99 pupils with valid test scores,  
18 numerically significant pupil subgroups shall be defined by the  
19 Superintendent, with approval by the state board.

20 (4) (A) The API shall consist of a variety of indicators currently  
21 reported to the department, including, but not limited to, the results  
22 of the achievement test administered pursuant to Section 60640,  
23 attendance rates for pupils in elementary schools, middle schools,  
24 and secondary schools, and the graduation rates for pupils in  
25 secondary schools.

26 (B) The Superintendent, with the approval of the state board,  
27 may also incorporate into the API the rates at which pupils  
28 successfully promote from one grade to the next in middle school  
29 and high school, and successfully matriculate from middle school  
30 to high school.

31 (C) Graduation rates for pupils in secondary schools shall be  
32 calculated for the API as follows:

33 (i) Four-year graduation rates shall be calculated by taking the  
34 number of pupils who graduated on time for the current school  
35 year, which is considered to be three school years after the pupils  
36 entered grade 9 for the first time, and dividing that number by the  
37 total calculated in clause (ii).

38 (ii) The number of pupils entering grade 9 for the first time in  
39 the school year three school years before the current school year,  
40 plus the number of pupils who transferred into the class graduating

1 at the end of the current school year between the school year that  
2 was three school years before the current school year and the date  
3 of graduation, less the number of pupils who transferred out of the  
4 school between the school year that was three school years before  
5 the current school year and the date of graduation who were  
6 members of the class that is graduating at the end of the current  
7 school year.

8 (iii) Five-year graduation rates shall be calculated by taking the  
9 number of pupils who graduated on time for the current school  
10 year, which is considered to be four school years after the pupils  
11 entered grade 9 for the first time, and dividing that number by the  
12 total calculated in clause (iv).

13 (iv) The number of pupils entering grade 9 for the first time in  
14 the school year four years before the current school year, plus the  
15 number of pupils who transferred into the class graduating at the  
16 end of the current school year between the school year that was  
17 four school years before the current school year and the date of  
18 graduation, less the number of pupils who transferred out of the  
19 school between the school year that was four years before the  
20 current school year and the date of graduation who were members  
21 of the class that is graduating at the end of the current school year.

22 (v) Six-year graduation rates shall be calculated by taking the  
23 number of pupils who graduated on time for the current school  
24 year, which is considered to be five school years after the pupils  
25 entered grade 9 for the first time, and dividing that number by the  
26 total calculated in clause (vi).

27 (vi) The number of pupils entering grade 9 for the first time in  
28 the school year five years before the current school year, plus the  
29 number of pupils who transferred into the class graduating at the  
30 end of the current school year between the school year that was  
31 five school years before the current school year and the date of  
32 graduation, less the number of pupils who transferred out of the  
33 school between the school year that was five years before the  
34 current school year and the date of graduation who were members  
35 of the class that is graduating at the end of the current school year.

36 (D) The inclusion of five- and six-year graduation rates for  
37 pupils in secondary schools shall meet the following requirements:

38 (i) Schools shall be granted one-half the credit in their API  
39 scores for graduating pupils in five years that they are granted for  
40 graduating pupils in four years.

1 (ii) Schools shall be granted one-quarter the credit in their API  
2 scores for graduating pupils in six years that they are granted for  
3 graduating pupils in four years.

4 (iii) Notwithstanding clauses (i) and (ii), schools shall be granted  
5 full credit in their API scores for graduating in five or six years a  
6 pupil with disabilities who graduates in accordance with his or her  
7 individualized education program.

8 (E) The pupil data collected for the API that comes from the  
9 achievement test administered pursuant to Section 60640 and the  
10 high school exit examination administered pursuant to Section  
11 60851, when fully implemented, shall be disaggregated by special  
12 education status, English learners, socioeconomic status, gender,  
13 and ethnic group. Only the test scores of pupils who were counted  
14 as part of the enrollment in the annual data collection of the  
15 California Basic Educational Data System for the current fiscal  
16 year and who were continuously enrolled during that year may be  
17 included in the test result reports in the API score of the school.

18 (F) (i) Commencing with the baseline API calculation in 2016,  
19 and for each year thereafter, results of the achievement test and  
20 other tests specified in subdivision (b) shall constitute no more  
21 than 60 percent of the value of the index for secondary schools.

22 (ii) In addition to the elements required by this paragraph, the  
23 Superintendent, with approval of the state board, may incorporate  
24 into the index for secondary schools valid, reliable, and stable  
25 measures of pupil preparedness for postsecondary education and  
26 career.

27 (G) Results of the achievement test and other tests specified in  
28 subdivision (b) shall constitute at least 60 percent of the value of  
29 the index for primary schools and middle schools.

30 (H) It is the intent of the Legislature that the state's system of  
31 public school accountability be more closely aligned with both the  
32 public's expectations for public education and the workforce needs  
33 of the state's economy. It is therefore necessary that the  
34 accountability system evolve beyond its narrow focus on pupil test  
35 scores to encompass other valuable information about school  
36 performance, including, but not limited to, pupil preparedness for  
37 college and career, as well as the high school graduation rates  
38 already required by law.

39 (I) The Superintendent shall annually determine the accuracy  
40 of the graduation rate data. Notwithstanding any other law,

1 graduation rates for pupils in dropout recovery high schools shall  
2 not be included in the API. For purposes of this subparagraph,  
3 “dropout recovery high school” means a high school in which 50  
4 percent or more of its pupils have been designated as dropouts  
5 pursuant to the exit/withdrawal codes developed by the department  
6 or left a school and were not otherwise enrolled in a school for a  
7 period of at least 180 days.

8 (J) To complement the API, the Superintendent, with the  
9 approval of the state board, may develop and implement a program  
10 of school quality review that features locally convened panels to  
11 visit schools, observe teachers, interview pupils, and examine pupil  
12 work, if an appropriation for this purpose is made in the annual  
13 Budget Act.

14 (K) The Superintendent shall annually provide to local  
15 educational agencies and the public a transparent and  
16 understandable explanation of the individual components of the  
17 API and their relative values within the API.

18 (L) An additional element chosen by the Superintendent and  
19 the state board for inclusion in the API pursuant to this paragraph  
20 shall not be incorporated into the API until at least one full school  
21 year after the state board’s decision to include the element into the  
22 API.

23 (b) Pupil scores from the following tests, when available and  
24 when found to be valid and reliable for this purpose, shall be  
25 incorporated into the API:

26 (1) The standards-based achievement tests provided for in  
27 Section 60642.5.

28 (2) The high school exit examination.

29 (c) Based on the API, the Superintendent shall develop, and the  
30 state board shall adopt, expected annual percentage growth targets  
31 for all schools based on their API baseline score from the previous  
32 year. Schools are expected to meet these growth targets through  
33 effective allocation of available resources. For schools below the  
34 statewide API performance target adopted by the state board  
35 pursuant to subdivision (d), the minimum annual percentage growth  
36 target shall be 5 percent of the difference between the actual API  
37 score of a school and the statewide API performance target, or one  
38 API point, whichever is greater. Schools at or above the statewide  
39 API performance target shall have, as their growth target,  
40 maintenance of their API score above the statewide API

1 performance target. However, the state board may set differential  
2 growth targets based on grade level of instruction and may set  
3 higher growth targets for the lowest performing schools because  
4 they have the greatest room for improvement. To meet its growth  
5 target, a school shall demonstrate that the annual growth in its API  
6 is equal to or more than its schoolwide annual percentage growth  
7 target and that all numerically significant pupil subgroups, as  
8 defined in subdivision (a), are making comparable improvement.

9 (d) Upon adoption of state performance standards by the state  
10 board, the Superintendent shall recommend, and the state board  
11 shall adopt, a statewide API performance target that includes  
12 consideration of performance standards and represents the  
13 proficiency level required to meet the state performance target.  
14 When the API is fully developed, schools, at a minimum, shall  
15 meet their annual API growth targets to be eligible for the  
16 Governor's Performance Award Program as set forth in Section  
17 52057. The state board may establish additional criteria that schools  
18 must meet to be eligible for the Governor's Performance Award  
19 Program.

20 (e) (1) A school with 11 to 99 pupils with valid test scores shall  
21 receive an API score with an asterisk that indicates less statistical  
22 certainty than API scores based on 100 or more test scores.

23 (2) A school annually shall receive an API score, unless the  
24 Superintendent determines that an API score would be an invalid  
25 measure of the performance of the school for one or more of the  
26 following reasons:

27 (A) Irregularities in testing procedures occurred.

28 (B) The data used to calculate the API score of the school are  
29 not representative of the pupil population at the school.

30 (C) Significant demographic changes in the pupil population  
31 render year-to-year comparisons of pupil performance invalid.

32 (D) The department discovers or receives information indicating  
33 that the integrity of the API score has been compromised.

34 (E) Insufficient pupil participation in the assessments included  
35 in the API.

36 (3) If a school has fewer than 100 pupils with valid test scores,  
37 the calculation of the API or adequate yearly progress pursuant to  
38 the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301  
39 et seq.) and federal regulations may be calculated over more than  
40 one annual administration of the tests administered pursuant to



1 Section 60640 and the high school exit examination administered  
2 pursuant to Section 60851, consistent with regulations adopted by  
3 the state board.

4 (f) Only schools with 100 or more test scores contributing to  
5 the API may be included in the API rankings.

6 (g) The Superintendent, with the approval of the state board,  
7 shall develop an alternative accountability system for schools under  
8 the jurisdiction of a county board of education or a county  
9 superintendent of schools, community day schools, nonpublic,  
10 nonsectarian schools pursuant to Section 56366, and alternative  
11 schools serving high-risk pupils, including continuation high  
12 schools and opportunity schools. Schools in the alternative  
13 accountability system may receive an API score, but shall not be  
14 included in the API rankings.

15 ~~SEC. 85.~~

16 *SEC. 87.* Article 5 (commencing with Section 52060) is added  
17 to Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education  
18 Code, to read:

19  
20 Article 5. Local Control and Accountability Plans  
21

22 52060. (a) The governing board of each school district shall  
23 adopt a local control and accountability plan using a template  
24 adopted by the state board.

25 (b) A local control and accountability plan adopted by a  
26 governing board of a school district shall be effective for a period  
27 of at least ~~one year~~ *three years* but no longer than five years. ~~If a~~  
28 ~~governing board of a school district adopts a plan that would be~~  
29 ~~effective for a period longer than one year, the governing board~~  
30 ~~must approve an update to the existing plan at least annually.~~

31 (c) On or before July 1 of each fiscal year, a governing board  
32 of a school district shall take action on a local control and  
33 accountability plan for the subsequent ~~fiscal year~~, *three to five*  
34 *fiscal years, inclusive*, either by adopting a new local control and  
35 accountability plan or by approving an update to a plan the  
36 governing board of the school district has previously adopted.

37 (d) A governing board of a school district shall update the local  
38 control and accountability plan if the governing board of the school  
39 district determines that changes in the composition of the base  
40 Academic Performance Index require the school district to take

1 specific actions and use strategies that are not already included in  
2 the plan to meet the Academic Performance Index growth target  
3 for each school in the school district. If the governing board of the  
4 school district determines that an update is necessary, the governing  
5 board of the school district shall approve the update by November  
6 1 of the year in which the new base Academic Performance Index  
7 is released.

8 (e) A governing board of a school district shall demonstrate that  
9 a local control and accountability plan approved by the governing  
10 board of the school district was developed in consultation with  
11 teachers, principals, administrators, other school personnel, parents,  
12 and pupils, and is intended to accelerate pupil progress toward  
13 academic proficiency pupils.

14 (f) *A governing board of a school district shall demonstrate that*  
15 *a local control and accountability plan approved by the governing*  
16 *board of the school district includes strategies to accelerate pupil*  
17 *progress toward academic proficiency and supports academic*  
18 *growth of pupils achieving at or above academic proficiency.*

19 ~~(f)~~

20 (g) A governing board of a school district shall ensure that a  
21 local control and accountability plan is consistent with all school  
22 plans submitted pursuant to Section 64001 by a school district for  
23 schools within the school district.

24 ~~(g)~~

25 (h) Before adopting a local control and accountability plan or  
26 approving an update to an existing plan, a governing board of a  
27 school district shall hold at least one public hearing to solicit  
28 recommendations and opinions of members of the public regarding  
29 specific actions and strategies that should be included in the plan.  
30 The agenda for the public hearing shall be posted at least 72 hours  
31 before the public hearing and shall include the location where the  
32 local control and accountability plan will be available for public  
33 inspection. This public hearing shall be held at the same meeting  
34 as the public hearing required by paragraph (1) of subdivision (a)  
35 of Section 42127.

36 ~~(h)~~

37 (i) A governing board of a school district shall notify members  
38 of the public, using the most efficient method possible, of the  
39 opportunity to submit written recommendations and opinions  
40 regarding specific actions and strategies that should be included

1 in the local control and accountability plan. This subdivision shall  
2 not be interpreted to require a school district to produce printed  
3 notices or to send notices by mail.

4 (i)

5 (j) A governing board of a school district shall adopt a local  
6 control and accountability plan in a public meeting. This meeting  
7 shall be held after, but not on the same day as, the public hearing  
8 held pursuant to subdivision ~~(g)~~ (h). This meeting shall be the same  
9 meeting during which the governing board of the school district  
10 considers a budget pursuant to paragraph (2) of subdivision (a) of  
11 Section 42127.

12 (j)

13 (k) A governing board of a school district may adopt a revised  
14 local control and accountability plan if the governing board of the  
15 school district is required to adopt a revised budget. A revised  
16 local control and accountability plan shall be adopted at the same  
17 meeting that a revised budget is adopted.

18 52060.5. It is the intent of the Legislature to strengthen the  
19 accountability provisions proposed in this article in the following  
20 ways:

21 (a) Ensure that supplemental funds generated by low income,  
22 English learner, and foster pupils are used to improve services to  
23 those pupils, and not to supplant existing resources dedicated to  
24 those pupils.

25 (b) Provide authority ~~of~~ *for* state entities, county entities, or  
26 both, to intervene in and support school districts that do not  
27 demonstrate improvements, across subgroups of pupils, toward  
28 achievement of common core academic content standards and  
29 other state standards and goals.

30 (c) Rescind flexibility provisions for school districts that do not  
31 demonstrate improvements in outcomes across subgroups of pupils.

32 (d) Ensure more robust data collections for purposes of state  
33 accountability systems and state and local oversight.

34 (e) Ensure that the majority of funds allocated through any  
35 school funding formula are spent on services and programs with  
36 direct benefits to pupils.

37 52061. (a) Not later than five days after adoption of a local  
38 control and accountability plan or approval of an update to an  
39 existing plan pursuant to Section 52060, the governing board of a  
40 school district shall file the plan with the county superintendent

1 of schools. The plan shall be filed on the same day that the  
2 governing board of the school district files the budget pursuant to  
3 paragraph (2) of subdivision (a) of Section 42127.

4 (b) The county superintendent of schools shall do all of the  
5 following:

6 (1) Examine if the plan adheres to the template adopted by the  
7 state board pursuant to Section 52066 and includes all of the  
8 components identified in subdivision (a) of Section 52064.

9 (2) Determine if the budget for the subsequent fiscal year  
10 adopted by the governing board of the school district includes  
11 expenditures sufficient to implement the specific actions and  
12 strategies included in the local control and accountability plan  
13 adopted by the governing board of the school district, based on  
14 the projections of the costs included in the plan.

15 (3) In making the determinations pursuant to paragraphs (1) and  
16 (2), consider input from teachers, principals, administrators, other  
17 school personnel, parents, and pupils from the school district.

18 (4) ~~The county superintendent of schools shall post~~ (A) Postall  
19 local control and accountability plans submitted by school districts  
20 and charter schools on the Internet Web site of the county office  
21 of education.

22 (B) *Forward all local control and accountability plans submitted*  
23 *to the county superintendent of schools by school districts and*  
24 *charter schools to the Superintendent for posting on the Internet*  
25 *Web site of the department.*

26 52062. (a) Each county superintendent of schools shall  
27 develop, and each county board of education shall adopt, a local  
28 control and accountability plan using a template adopted by the  
29 state board.

30 (b) A local control and accountability plan adopted by a county  
31 board of education shall be effective for a period of at least ~~one~~  
32 *year three years* but no longer than five years. ~~If a county board~~  
33 ~~of education adopts a plan that would be effective for a period~~  
34 ~~longer than one year, the county board of education must approve~~  
35 ~~an update to the plan at least annually.~~

36 (c) On or before July 1 of each fiscal year, a county board of  
37 education shall take action on a local control and accountability  
38 plan for the subsequent ~~fiscal year, three to five fiscal years,~~  
39 *inclusive*, either by adopting a new local control and accountability

1 plan or by approving an update to a plan the county board of  
2 education has previously adopted.

3 (d) A county superintendent of schools shall update and present  
4 to the county board of education for approval the local control and  
5 accountability plan if the county board of education determines  
6 that changes in the composition of the base Academic Performance  
7 Index require the county superintendent of schools to take specific  
8 actions and use strategies that are not already included in the plan  
9 to meet the Academic Performance Index growth target for each  
10 school operated by the county superintendent of schools. If the  
11 county board of education determines that an update is necessary,  
12 the county board of education shall approve the update by  
13 November 1 of the year in which the base Academic Performance  
14 Index is released.

15 (e) A county superintendent of schools shall demonstrate that  
16 a local control and accountability plan was developed in  
17 consultation with teachers, principals, administrators, other school  
18 personnel, parents, and pupils, ~~and is intended to accelerate pupil~~  
19 ~~progress toward academic proficiency~~ pupils. A county  
20 superintendent of schools also shall demonstrate that the  
21 superintendents of all school districts in the county were consulted  
22 in the development of the plan.

23 (f) *A county superintendent of schools shall demonstrate that a*  
24 *local control and accountability plan includes strategies to*  
25 *accelerate pupil progress toward academic proficiency and*  
26 *supports academic growth of pupils achieving at or above*  
27 *academic proficiency.*

28 (f)

29 (g) A local control and accountability plan shall be consistent  
30 with all school plans submitted pursuant to Section 64001 by the  
31 county superintendent of schools for schools operated by the county  
32 superintendent of schools.

33 (g)

34 (h) Before adopting a local control and accountability plan or  
35 approving an update to an existing plan, a county board of  
36 education shall hold at least one public hearing to solicit  
37 recommendations and opinions of members of the public regarding  
38 specific actions and strategies that should be included in the plan.  
39 The agenda for that hearing shall be posted at least 72 hours before  
40 the public hearing and shall include the location where the local

1 control and accountability plan will be available for public  
2 inspection. The public hearing shall be held at the same meeting  
3 as the public hearing required by Section 1620.

4 ~~(h)~~

5 (i) A county board of education shall notify members of the  
6 public, using the most efficient method possible, of the opportunity  
7 to submit written recommendations and opinions regarding specific  
8 actions and strategies that should be included in the local control  
9 and accountability plan. This subdivision shall not be interpreted  
10 to require a county board of education to produce printed notices  
11 or to send notices by mail.

12 ~~(i)~~

13 (j) A county board of education shall adopt a local control and  
14 accountability plan in a public meeting. This meeting shall be held  
15 after, but not on the same day as, the public hearing held pursuant  
16 to subdivision ~~(g)~~ (h). The meeting shall be the same meeting  
17 during which a county board of education considers a budget  
18 pursuant to Section 1620.

19 ~~(j)~~

20 (k) A county board of education may adopt a revised local  
21 control and accountability plan if the county board of education  
22 is required to adopt a revised budget. A revised local control and  
23 accountability plan shall be adopted at the same meeting that a  
24 revised budget is adopted.

25 52063. (a) No later than five days after adoption of a local  
26 control and accountability plan or approval of an update to an  
27 existing plan pursuant to Section 52062 by a county board of  
28 education, the county superintendent of schools shall file the plan  
29 with the Superintendent, the county board of supervisors, and the  
30 county auditor. The plan shall be filed on the same day that the  
31 county superintendent of schools files the budget pursuant to  
32 subdivision (a) of Section 1622.

33 (b) The Superintendent shall do all of the following:

34 (1) Examine if the plan adheres to the template adopted by the  
35 state board pursuant to Section 52066 and includes all of the  
36 components identified in subdivision (a) of Section 52064.

37 (2) Determine if the budget for the subsequent fiscal year  
38 adopted by the county board of education includes expenditures  
39 sufficient to implement the specific actions and strategies included  
40 in the local control and accountability plan adopted by the county

1 board of education, based on the projections of the costs included  
2 in the plan.

3 (3) In making the determinations pursuant to paragraphs (1) and  
4 (2), consider input from teachers, principals, administrators, other  
5 school personnel, parents, and pupils in the county.

6 (c) The Superintendent shall post all local control and  
7 accountability plans submitted to it by county superintendents of  
8 schools on its Internet Web site. The Superintendent shall also  
9 post all local control and accountability plans submitted by school  
10 districts and charter schools to county superintendents of schools  
11 on its Internet Web site.

12 52064. (a) A local control and accountability plan adopted by  
13 a governing board of a school district or a county board of  
14 education shall identify goals and describe the specific actions the  
15 school district or county superintendent of schools will take and  
16 strategies that will be used to achieve all of the following:

17 (1) Implement, for all pupils, the content standards adopted by  
18 the state board pursuant to Sections 60605.8, 60605.10, and  
19 60605.11.

20 (2) Increase the Academic Performance Index and performance  
21 on statewide assessments pursuant to Article 4 (commencing with  
22 Section 60640) of Chapter 5 of Part 33, other national assessments,  
23 statewide assessments, and appropriate local assessments, for each  
24 school and for each numerically significant pupil subgroup pursuant  
25 to Section 52052, and reduce gaps in the Academic Performance  
26 Index and other measures of pupil achievement between  
27 numerically significant pupil subgroups, as evidenced by the results  
28 of statewide assessments pursuant to Article 4 (commencing with  
29 Section 60640) of Chapter 5 of Part 33, other national assessments,  
30 statewide assessments, and appropriate local assessments.

31 (3) Significantly improve pupil achievement of ~~proficiency in~~  
32 the content standards adopted by the state board pursuant to  
33 Sections 60605, 60605.2, 60605.3, 60605.8, and 60605.85, at all  
34 grade levels, as evidenced by the results of statewide assessments  
35 pursuant to Article 4 (commencing with Section 60640) of Chapter  
36 5 of Part 33, other national assessments, statewide assessments,  
37 and appropriate local assessments.

38 (4) Increase high school graduation rates as measured by the  
39 California Longitudinal Pupil Achievement Data System and the  
40 school district level data system, if a school district or a county

1 superintendent of schools enrolls high school pupils, increase  
2 attendance rates, and reduce dropout rates.

3 (5) Increase the percentage of pupils who have successfully  
4 completed each of the following:

5 (A) Courses that satisfy the requirements for entrance to the  
6 University of California and the California State University.

7 (B) Advanced placement courses.

8 ~~(C) Career technical education programs~~ *Sequences or clusters*  
9 *of courses that meet the requirements of subdivision (a) of Section*  
10 *52302 and align with the state board-approved career technical*  
11 *education standards and frameworks.*

12 (6) Identify and address needs of pupils, and schools  
13 predominantly serving pupils, who meet any of the following  
14 definitions:

15 (A) Pupils who have been classified as an English learner  
16 pursuant to Section 52164. *Information regarding services for*  
17 *English learners shall include elements of the master plan for*  
18 *English learners developed pursuant to Section 41976.3.*

19 (B) Pupils who qualify for the free and reduced-price meal  
20 program pursuant to Section 49552.

21 (C) Foster children as defined in Sections 300~~and 601~~, 601,  
22 and 602 of the Welfare and Institutions Code.

23 (D) Pupils enrolled in a juvenile court school operated by a  
24 county superintendent of schools pursuant to subdivision (a) of  
25 Section 48645.2, if applicable.

26 (7) Remedy deficiencies in any school in the school district or  
27 any school operated by the county board of education and improve  
28 school conditions in any of the areas included in paragraphs (5),  
29 (6), and (8) of subdivision (b) of Section 33126. This includes  
30 ensuring access for each pupil to the following:

31 (A) Sufficient textbooks and instructional materials.

32 (B) Safe, clean, and adequate school facilities.

33 (C) Qualified teachers.

34 (8) Provide meaningful opportunities for parent involvement,  
35 including, at a minimum, supporting effective schoolsite councils  
36 or other structures at each school and advisory panels to the  
37 governing board of the school district or the county board of  
38 education or, if parents so choose, creating other processes or  
39 structures, such as creating the role of an ombudsman for parents,  
40 to address complaints and other issues raised by parents.



1     (9) ~~Improvement in~~*Improve* the school district's college  
2 entrance rate, as measured by the National Student Clearinghouse  
3 or other state-approved pupil data tracking system if a school  
4 district or county superintendent of schools enrolls high school  
5 pupils.

6     (10) ~~Improvement in~~*Improve* the number of pupils who enter  
7 technical school after graduation, as measured by the National  
8 Student Clearinghouse or other state-approved pupil data tracking  
9 system, or who graduate prepared to enter high-wage, high-skill  
10 occupations if a school district or county superintendent of schools  
11 enrolls high school pupils.

12     (b) A local control and accountability plan developed by a  
13 county superintendent of schools and approved by a county board  
14 of education shall also include, in addition to the elements included  
15 in subdivision (a), goals related to addressing countywide needs,  
16 and describe specific actions and strategies to do all of the  
17 following:

18     (1) Conduct effective oversight of school districts pursuant to  
19 Article 2 (commencing with Section 1240) of Chapter 2 of Part 2  
20 of Division 1 of Title 1 and Chapter 6 (commencing with Section  
21 42100) of Part 24 of Division 3 of Title 2.

22     (2) Provide support to school districts in the county, including  
23 support related to school district operations, educational  
24 technology, and professional development, and guidance to school  
25 districts related to curriculum and instructional practices.

26     (3) Coordinate instruction for expelled pupils pursuant to Section  
27 48926.

28     (c) A local control and accountability plan shall include an  
29 analysis of both the following:

30     (1) Pupil achievement of those pupils enrolled in schools in a  
31 school district or schools operated by a county superintendent of  
32 schools at the time the plan is adopted by the governing board of  
33 the school district or the county board of education.

34     (2) If a governing board of a school district or a county board  
35 of education previously has adopted a local control and  
36 accountability plan, progress made in implementing the goals  
37 identified in the plan in effect immediately before the adoption of  
38 a new plan by the governing board of the school district or the  
39 county board of education.

(d) For purposes of conducting the analysis required by subdivision (c), a governing board of a school district or a county superintendent of schools may consider qualitative information, including reviews conducted by panels of experts during visits to schools in the school district or schools operated by the county office of education.

(e) Data reported in a local control and accountability plan shall be consistent with information reported on school accountability report cards for schools in a school district or schools operated by a county superintendent of schools.

(f) (1) A local control and accountability plan shall include projections of the costs of implementing the specific actions and strategies included in the plan. Expenditures that reflect these cost projections shall be included in the budget adopted by the governing board of the school district pursuant to Section 42127.

(2) A local control and accountability plan shall demonstrate fiscal solvency, as measured by the standards and criteria adopted by the state board pursuant to Section 33127 and implementing regulations.

(g) A local control and accountability plan adopted by a governing board of a school district shall document all of the following:

(1) For those fiscal years in which it is anticipated that the school district will receive less funding than is calculated under the local control funding formula pursuant to Section 42238.02, as implemented by Section 42238.03, a projection of the total funding required for the specific actions the school district will take and strategies that will be used to implement paragraph (6) of subdivision (a), divided by the average daily attendance of the pupils for whom any of the definitions included in paragraph (6) of subdivision (a) apply. This amount of funding shall not be less than the total expenditures from the sources included in paragraphs (1) to (3), inclusive, of subdivision-(i) (h) of Section 42238.02 during the 2013–14 fiscal year for services for pupils for whom any of the definitions included in paragraph (6) of subdivision (a) applied during the 2013–14 fiscal year, divided by the average daily attendance of these students during the 2013–14 fiscal year.

(2) For those fiscal years in which it is anticipated that the school district will receive funding equal to or greater than the amount calculated under the local control funding formula pursuant to

1 Section 42238.02, as implemented by Section 42238.03, a  
2 projection of the total funding required for the specific actions the  
3 school district will take and strategies that will be used to  
4 implement paragraph (6) of subdivision (a), divided by the average  
5 daily attendance of the pupils to whom any of the definitions  
6 included in paragraph (6) of subdivision (a) is applicable. This  
7 funding shall not be less than the supplemental grants the governing  
8 board of the school district projects receiving pursuant to  
9 subdivision (e) of Section 42238.02, divided by the average daily  
10 attendance of the pupils to whom any of the definitions included  
11 in paragraph (6) of subdivision (a) is applicable.

12 (h) A local control and accountability plan adopted by a county  
13 board of education shall document all of the following:

14 (1) For those fiscal years in which it is anticipated that the  
15 county office of education will receive less funding than is  
16 calculated under the county local control funding formula pursuant  
17 to Section 2574, a projection of the total funding required for the  
18 specific actions the county superintendent of schools will take and  
19 strategies that will be used to implement paragraph (6) of  
20 subdivision (a), divided by the average daily attendance of the  
21 pupils to whom any of the definitions included in paragraph (6)  
22 of subdivision (a) is applicable. This amount of funding shall not  
23 be less than the total expenditures from the sources included in  
24 ~~paragraphs (1) and (2) of subdivision (e) of Section 2574 during~~  
25 ~~the 2013–14 fiscal year~~ *amount received for the 2013–14 fiscal*  
26 *year from funds allocated pursuant to the Targeted Instructional*  
27 *Improvement Block Grant program, as set forth in Article 6*  
28 *(commencing with Section 41540) of Chapter 3.2 of Part 24 of*  
29 *Division 3 of Title 2, as that article read on January 1, 2014, for*  
30 *services for pupils to whom any of the definitions included in*  
31 *paragraph (6) of subdivision (a) applied during the 2013–14 fiscal*  
32 *year, divided by the average daily attendance of these pupils during*  
33 *the 2013–14 fiscal year.*

34 (2) For those fiscal years in which it is anticipated that the  
35 county office of education will receive funding equal to or greater  
36 than the amount calculated under the county local control funding  
37 formula pursuant to Section 2574, a projection of the total funding  
38 required for the specific actions the county superintendent of  
39 schools will take and strategies that will be used to implement  
40 paragraph (6) of subdivision (a), divided by the average daily

1 attendance of the pupils to whom any of the definitions included  
2 in paragraph (6) of subdivision (a) is applicable. This funding shall  
3 not be less than the supplemental grants the county board of  
4 education projects receiving pursuant to subdivision (c) of Section  
5 2574, divided by the average daily attendance of the pupils to  
6 whom any of the definitions included in paragraph (6) of  
7 subdivision (a) is applicable.

8 (i) A local control and accountability plan shall account for the  
9 funds provided to charter schools that elect to receive funding  
10 through the school district or the county office of education  
11 pursuant to Section 47651.

12 (j) A local control and accountability plan shall include  
13 measurable ~~metrics~~ *outcomes* to demonstrate achievement of the  
14 elements identified in paragraphs (1) to (10), inclusive, of  
15 subdivision (a), using as a baseline pupil achievement at the time  
16 the local control and accountability plan is adopted.

17 52065. (a) The governing body of a charter school that elects  
18 to receive its funding directly, pursuant to Section 47651, shall  
19 adopt a local control and accountability plan using a template  
20 adopted by the state board.

21 (b) Notwithstanding Section 52064, a local control and  
22 accountability plan adopted by the governing body of a charter  
23 school shall identify specific steps the charter school will take and  
24 strategies that will be used to accomplish the goals identified in  
25 the charter petition granted pursuant to Sections 47605, 47605.5,  
26 47605.6, 47605.8, and 47606.

27 (c) A local control and accountability plan adopted by a  
28 governing body of a charter school shall be effective for a period  
29 of at least ~~one year~~ *three years* but no longer than five years. If  
30 ~~the governing body of the charter school adopts a plan that would~~  
31 ~~be effective for a period longer than one year, the governing body~~  
32 ~~of the charter school must approve an update to the existing plan~~  
33 ~~at least annually.~~

34 (d) On or before July 1 of each fiscal year, a governing body of  
35 a charter school shall take action on a local control and  
36 accountability plan for the subsequent fiscal year, either by  
37 adopting a new local control and accountability plan or by  
38 approving an update to a plan the charter school has previously  
39 adopted. The plan shall be submitted to the charter school's  
40 chartering authority and the county superintendent of schools, or

1 only to the county superintendent of schools if the county board  
2 of education is the chartering authority, on the same day that the  
3 charter school submits its preliminary budget pursuant to paragraph  
4 (1) of subdivision (a) of Section 47604.33.

5 52065.5. (a) On or before July 1, 2015, the Superintendent  
6 shall develop and the state board shall adopt a system of assistance  
7 and interventions that shall be implemented in either, or both, of  
8 the following circumstances:

9 (1) If a county office of education, school district, or charter  
10 school requests information, and technical and programmatic  
11 assistance.

12 (2) If a county office of education, school district, or charter  
13 school, over a two-year period, fails to accomplish the pupil  
14 achievement goals specified in its local control and accountability  
15 plan.

16 (b) The system of assistance and interventions shall be available  
17 for implementation on or before July 1, 2017, and shall include  
18 meaningful incentives and consequences, including, but not limited  
19 to, loss of local governing and policymaking authority. The system  
20 of assistance and interventions may also include, but is not limited  
21 to, development of a carefully selected and trained statewide or  
22 regional group of experts and practitioners, or both, to assist county  
23 offices of education, school ~~district~~, *districts*, and charter schools  
24 in developing the local capacity to meet the educational needs of  
25 all pupils.

26 (c) If the system of assistance and interventions requires  
27 statutory changes, the Superintendent, on or before January 1,  
28 2015, shall submit the proposed statutory changes to the appropriate  
29 policy and fiscal committees of the Legislature for consideration.

30 52066. (a) The state board shall adopt a template for use by  
31 school districts and a separate template for use by county  
32 superintendents of schools that includes the elements identified in  
33 Section 52064.

34 (b) The state board shall also adopt a template for use by charter  
35 schools to satisfy the requirements of Section 52065.

36 (c) The templates developed by the state board shall allow a  
37 school district, county superintendent of schools, or charter school  
38 to complete a single local control and accountability plan to meet  
39 the requirements of this article and the requirements of the federal  
40 Elementary and Secondary *Education* Act related to local

1 educational agency plans pursuant to Section 1112 of Subpart 1  
2 of Part A of Title I of Public Law 107-110. The state board shall  
3 also take steps to minimize duplication of effort at the local level  
4 to the greatest extent possible.

5 (d) If possible, the template identified in subdivision (a) for use  
6 by county superintendents of schools shall allow a county  
7 superintendent of schools to develop a single local control and  
8 accountability plan that would also satisfy the requirements of  
9 Section 48926.

10 (e) The state board shall approve the templates identified in  
11 subdivisions (a) and (b) by January 30, 2015. Revisions to the  
12 templates shall be approved by the state board by January 1 before  
13 the fiscal year during which a template is to be used by a school  
14 district, county superintendent of schools, or charter school.

15 *(f) The state board shall demonstrate that the templates*  
16 *identified in subdivisions (a) and (b) were developed in*  
17 *consultation with teachers, principals, administrators, other school*  
18 *personnel, parents, and pupils.*

19 *(g) Before adopting a template or approving an update to an*  
20 *existing template, the state board shall hold at least one public*  
21 *hearing to solicit recommendations and opinions of members of*  
22 *the public regarding elements of the template. The agenda for the*  
23 *public hearing shall be posted at least 72 hours before the public*  
24 *hearing and shall include the location where the template will be*  
25 *available for public inspection.*

26 *(h) The state board shall notify members of the public, using*  
27 *the most efficient method possible, of the opportunity to submit*  
28 *written recommendations and opinions regarding the elements of*  
29 *the template. This subdivision shall not be interpreted to require*  
30 *the state board to produce printed notices or to send notices by*  
31 *mail.*

32 *(i) The state board shall adopt a template in a public meeting.*  
33 *This meeting shall be held after, but not on the same day as, the*  
34 *public hearing held pursuant to subdivision (g).*

35 (f)

36 (j) The adoption of a template by the state board shall not create  
37 a requirement for a governing board of a school district, a county  
38 board of education, or a governing body of a charter school to  
39 submit a local control and accountability plan to the state board,  
40 unless otherwise required by federal law. ~~The Superintendent shall~~

1 ~~not require a local control and accountability plan to be submitted~~  
2 ~~by a governing board of a school district or the governing body of~~  
3 ~~a charter school.~~ The state board may adopt a template that would  
4 authorize a school district or a charter school to submit to the state  
5 board only the sections of the local control and accountability plan  
6 required by federal law.

7 ~~(g)~~

8 (k) The state board may adopt emergency regulations for  
9 purposes of implementing this section.

10 52067. This article shall become operative on July 1, 2014.

11 SEC. 88. *Section 60902 is added to the Education Code, to*  
12 *read:*

13 60902. *The department shall not add data elements to the*  
14 *California Longitudinal Pupil Achievement Data System in addition*  
15 *to those required by this chapter and shall not require local*  
16 *educational agencies to use the data collected through the*  
17 *California Longitudinal Pupil Achievement Data System except*  
18 *for either of the following purposes:*

19 (a) *To implement changes to the Academic Performance Index*  
20 *pursuant to subparagraph (F) of paragraph (4) of subdivision (a)*  
21 *of Section 52052.*

22 (b) *To provide a data element or elements necessary to develop*  
23 *the local control and accountability template pursuant to Section*  
24 *52066, as determined by the state board.*

25 SEC. 89. *On or before March 1, 2014, the Legislative Analyst's*  
26 *Office shall submit recommendations to the fiscal committees of*  
27 *both houses of the Legislature regarding revisions to the methods*  
28 *of funding pupil transportation that address historical funding*  
29 *inequities across school districts and improve incentives for local*  
30 *educational agencies to provide efficient and effective pupil*  
31 *transportation services.*

32 ~~SEC. 86.~~

33 SEC. 90. If the Commission on State Mandates determines that  
34 this act contains costs mandated by the state, reimbursement to  
35 local agencies and school districts for those costs shall be made  
36 pursuant to Part 7 (commencing with Section 17500) of Division  
37 4 of Title 2 of the Government Code.

38 ~~SEC. 87.~~

39 SEC. 91. The provisions of this bill shall become operative  
40 only if both of the following occur:

- 1 (a) Senate Bill 344 of the 2013–14 Regular Session of the
- 2 Legislature is enacted and it relates to educational accountability
- 3 for English learner programs and services.
- 4 (b) Senate Bill ~~860~~ 660 of the 2013–14 Regular Session of the
- 5 Legislature is enacted and it relates to career technical education.

O